

**NEW  
REPORT**

**OMNICHANNEL 2014**

# ResearchFARM

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**Retail Analysts**

## IN STORE TECHNOLOGY, LOGISTICS, RETAIL AS A PLATFORM

WHY DO B&M STORES HAVE AN ENHANCED  
ROLE IN AN OMNICHANNEL ENVIRONMENT?

WHAT ARE THE MOST PROMISING,  
INNOVATIVE IN STORE TECHNOLOGIES?

HOW FAR SHOULD B&M RETAILERS GO IN COPYING  
THE SUCCESS FACTORS OF ONLINE PUREPLAYS?

April 2014

**INSIDE:**  
Key questions  
answered +  
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# Introduction

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Across the globe omnichannel retailing is becoming the new normal. Retailers that have not yet embraced it will need to start transforming their business models now to remain relevant with shoppers. Becoming omnichannel means progressing from a bricks & mortar retailer to becoming a platform that successfully intertwines offline and online channels and on which retailers will serve their customers' needs (even those not traditionally considered as retail).

It requires a fundamental reorganisation of the business to build an all encompassing ecosystem around the consumer.

The challenge for any consumer brand, but especially a bricks & mortar retailer, is to make sure they are as relevant outside the four walls of their store as they are inside. In other words it's all about engagement first, because that is the ultimate driver of conversion and hence sales growth.

An omnichannel strategy adds multiple layers of complexity and is not simply about bolting on new channels to the existing business. A true omnichannel strategy will revolutionise the entire business. Insights (and action plans) gained from the collection and analytics of real time customer data, linking up the off and online shopper, will drive a total transformation of all steps of the value chain. Omnichannel players will need to continuously find the optimum infrastructure, they will need maximum flexibility in their sourcing strategies, the supply chain set up, which needs to remain open to change, and in the home delivery solution mix. Moreover all the flexibility and agility required now will increase in volatility as business needs evolve on an even faster pace going forward. Omnichannel needs constant attention.

This report caters to both novice and experienced retailers and analyses the thoughts and processes needed to make the difficult art of omnichannel retailing a successful reality.



## Retailers featured

Ahold, Alibaba, Amazon, American Eagle, Ao.com, Apple, Argos, Asda, Asos, Aurora, B&Q, Carphone Warehouse, Casino, Dixons Retail, ebay, Google, House of Frazer, John Lewis, Linas Matkasse, M&S, Macy's, Monsoon, Next, Nordstrom, Rakuten, Rewe, Safeway, Sainsburys', Shop Direct, Starbucks, Suning, Target, Tesco, Topshop, Uniclo, Waitrose, Wal-Mart, Yihaodian, Zara.

# Key Questions Answered

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## Bricks & mortar retail

- Will physical stores simply become showrooms in future or will they remain the focal centrepiece of any successful omnichannel strategy?
- What are the eight benefits of an omnichannel strategy? Why is it vital to provide a seamless customer experience?
- Why are omnichannel customers more valuable than single channel shoppers?
- Who are the outstanding players right now? Which established b&m retailer is furthest along in its transformation to becoming omnichannel and giving customers what they want?
- What is happening in Asia in terms of multichannel right now?
- How important are online marketplaces and social media in an omnichannel strategy mix, especially for b&m retailers looking to become multichannel and to internationalise? What factors should be considered in deciding whether to have a marketplace presence or not?
- How will retailers solve the problems of attribution in an omnichannel business?
- How far should b&m retailers go in copying the success factors of online pureplays? After all b&m has a different SWOT profile than online.



## Smartphones

- Why are smartphones & tablets the revolutionary channel both in store (crucial to identify the off and online shopper) and in shoppers' homes? How much of a threat is showrooming, which player is best in mobile wallet solutions? What are the consequences of the explosion of tablets on ecommerce in the future?
- What are the most promising, innovative in store technologies viewed from an omnichannel perspective?
- What strengths, benefits and options do footfall tracking, beacons and clienteling offer? How will the rise of wearables have an impact on store layouts? How do beacons work? What are the benefits of having the technology in store? What is clienteling and what challenges and opportunities does this represent? What about AR, virtual mirrors, facial recognition and electronic shelf edge labeling?
- Why are tablets as enterprise solutions in store becoming so important? Should retailers use the kindle as a payment tool? What about data security?
- How will smartphones influence the personalisation of the consumer shopping experience?
- How can consumers and retailers benefit from the increasing function capabilities of smartphones?

# Key Questions Answered

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## Logistics

- How does logistics have to adapt to an omnichannel universe both on the sourcing and the fulfilment side, including click & collect and returns? When does shipping from source make sense? How do you make the shopper experience seamless?
- What are the benefits of a flexible omnichannel supply chain in terms of OSA, inventory costs, lead times and dynamism in stores?
- Why is Inditex leading the way for sourcing in an omnichannel environment? What are the benefits of sourcing and producing locally? In what ways can a closer integration of manufacturing into the business model reap benefits for the retailer? Why should supply chain management demand a rethink? Why is Zara's mixed sourcing model so effective?
- How important is Big Data in an omnichannel universe for both pricing arbitrage and personalisation? How important is it for the single customer view? How important for a single stock pool to deliver orders from?
- Why will collaboration become much more important in an omnichannel world especially in the supply chain? Should retailers invest in innovative technology in DCs or in better locations? How can the tipping points when to act be identified? What impact will technology have on back-end logistics?
- Why do b&m stores have an enhanced role in an omnichannel environment?



## Recommendations

- Why do the little details matter even more in omnichannel world? And how do they influence strategic decision making?
- Where has pricing got to sit relative to Amazon for online and offline? How should you treat price personalisation and what dangers do retailers face from it?
- Why is it important to adopt a single view of the customer and stock pool?
- What steps should retailers implement to mitigate the risks from catastrophic failures and disruptions occasionally thrown up by technology?
- Why are a 70-20-10 mindset around innovations and dedicated centres so pivotal for omnichannel retailers? How do dedicated R&D centres contribute to a successful omnichannel model?
- What are the next channels to watch as retailers transform themselves from single channel to offering a platform approach? Is 2014 the year for wearables and the 'internet of things'? What does the future hold for omnichannel retailing? What do retailers need to do now and beyond to mature their models?
- What is the role of suppliers in retail transformation towards omnichannel?



# Features & Benefits

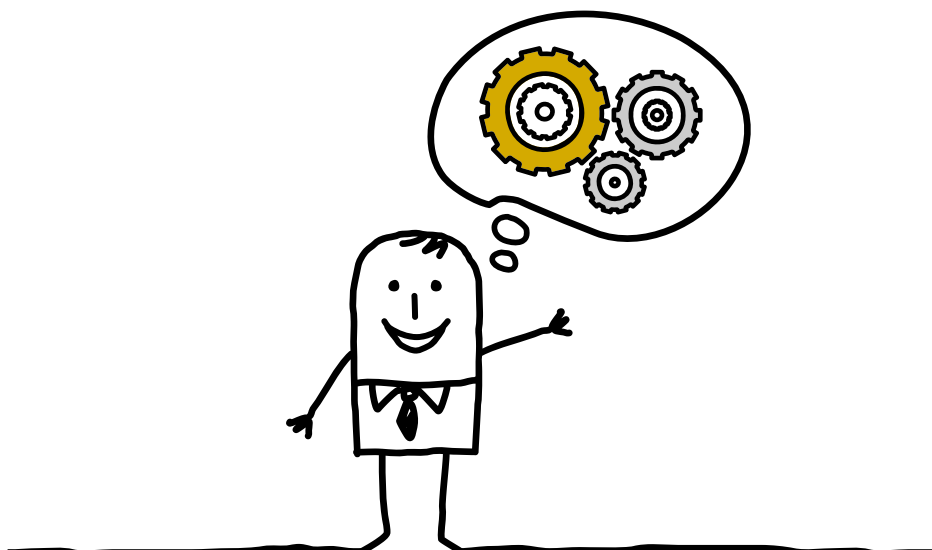
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## FEATURES

- The report highlights the benefits of an omnichannel strategy through case studies on the retailers who are at the top of their game including details of their USPs and performance figures
- An exhaustive overview of the numerous channels that make up omnichannel retailing, including analyses into relative strengths and weaknesses, opportunities and threats
- Analysis of innovative technology solutions, packed with illustrative examples
- Overview on the benefits of omnichannel retailing and in depth analysis on the impact of omnichannel strategy on logistics and sourcing
- Wide-ranging and detailed strategic recommendations and future outlook
- For those retailers who are already on their own transformation journey, this report is essential reading to consider opportunities that have been currently overlooked as well as strategic recommendations touching upon all aspects of a maturing omnichannel business

## BENEFITS

- Identify opportunities and threats in a new omnichannel universe, gain a comprehensive understanding on the omnichannel concept and its impact on all the areas of the business
- Obtain knowledge and insights into the leading players' mindsets and strategies that can be incorporated into your own business
- Learn essential steps on how to exploit the range of channels represented to your advantage whilst learning how to avoid the dangers and pitfalls of each channel. Learn essential steps how to manage failures in one arm of the business, so that they do not take down the whole
- Understand how to manage price arbitrage across channels and when to benchmark with Amazon
- Learn why details matter even more in an omnichannel world
- Comprehend how to solve attribution and personalisation in an omnichannel set up
- Grasp how to adopt a 70-20-10 mindset and drive change through the organisation
- Stay clued up on the latest cutting edge technologies in the retail industry



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**Global Channel Category sales**  
**Nestle waters**

«For us the ResearchFarm reports are so useful. The information provided give us the opportunity to increase our knowledge about the retail industry and its key trends.»

**Rafael Florez - CEO GS1 Columbia**

«The discounters reports were and still are very helpful as we got lots of detailed information and figures we haven't found anywhere else. This has helped us to progress with our plans of expansion in the US and convince people internally of the market potential.»

**Marketing Manager - Bonifaz-Kohler**

«On DLF's (Danish Association of Fast Moving Consumer Goods Manufacturers) New Years Conference we had the great pleasure to hear ResearchFarm speak about future trends in on-line grocery retailing. The feed back from the conference participants was very positive as they gave ResearchFarm's presentation the highest score of all speakers, finding the analysis about the key success factors of chosen EU and US online retailers both very interesting and inspiring. We can therefore give ResearchFarm our best recommendation.»

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