

Visit <http://supplychainfeature.scmanational.ca>

Businesses looking to adapt omni-channel commerce need to integrate all the components of their supply chain, according to industry experts. ISTOCKPHOTO.COM

ADAPTATION

Omni-channel presents opportunities and challenges for retailers

Two decades after e-commerce

transformed the way people buy products and services, technology and evolving customer behaviour are once again driving change with omni-channel retailing that seeks to engage consumers at every possible touch point and give them the flexibility to shop and claim their purchases when and where they please.

What seemed like a catchy buzzword just a few years ago is fast becoming a new, adapt-or-die reality for retailers, says John Ferguson, president of SCI Logistics, a Toronto-based national provider of supply chain solutions. "Omni-channel commerce is driven by end consumers," says Mr. Ferguson. "Today consumers want to shop 24/7, have instant access to an unlimited selection of goods, compare and choose what to buy and where to buy it from."

Companies such as Home Depot and Toys "R" Us are leading the charge into omni-channel commerce with services such as ship to store – which allows customers to order online and pick up from a store closest to them – and ship from store, where purchased products are shipped directly from the shelves or back room of a retail site instead of a distribution warehouse. Other retailers are pushing the omnichannel envelope in other ways: the clothing retailer Chico's has brought "technology tables" into its stores to encourage customers to browse its entire product inventory online while they're shopping at a physical location. Crate & Barrel offers a gift registry app

that lets customers scan barcodes in store to add products to their gift list, and to view in real-time purchases made from their registry.

"Omni-channel is about providing a highly personal experience based on a customer's particular needs and preferences," says Gary Newbury, a Toronto-based supply chain consultant specializing in omni-channel and last mile logistics. "It doesn't matter which route the customer is taking to secure the stock, whether it's via e-commerce, email or in a bricks-and-mortar store. In omni-channel, the customer is at the centre of the business, and the supply chain must be organized around this centre."

In practice, this translates into seamless interactions between customers and their favoured retailers, combined with the assurance that their purchases will arrive promptly at a location most convenient for them. For instance, a purchase might start with a product being reserved online and picked up from a store near the customer's home or work. Or it could start with a product being chosen in-store and paid for on a mobile device.

In addition to in-store and online shopping, consumers are also buying from catalogues and television shopping channels, notes Mr. Ferguson, and they want "not many but any of these channels to be available to them at any point in time."

At the same time, consumers expect a variety of delivery options, including home delivery and pick up from a store, courier depot, and courier or postal lockbox. With omni-channel commerce, the once-linear product

movement from distribution centre to stores, or distribution centre to consumer, is bending to meet the needs of the consumer. Businesses looking to adapt omnichannel commerce need to integrate all the components of their supply chain, including store systems, ecommerce platforms, customer relationship management data, as well as systems for manufacturing, warehouse management, inventory management and distribution, says Mr. Newbury. A key goal in omni-channel commerce is supreme inventory and lead time accuracy, he adds. In other words, at any given time retailers should have accurate information about what products they have in stock, how many are available, where each product is located, and how long it will take to ship any of these products to the customer's preferred receiving point. Beyond building tightly integrated systems, retailers need to nurture strong relationships with their suppliers and create collaborative processes that drive an omni-channel strategy, says Mr. Newbury. These processes could include simple changes such as manufacturers providing tracking information on products they've shipped directly to customers.

Choosing supply chain partners that have years of experience and a proven track record in ecommerce fulfilment and logistics is critical to success, says Mr. Ferguson at SCI, which each year ships more than 18.5 million items to consumers and more than seven million cases to stores across the country. Canada is a unique market, adds Mr. Ferguson, and often retailers are faced with servicing diverse regions and rural and remote customers.

"Increasingly, we see requirements for a national network of regional distribution centres enabling sameday delivery and systems ensuring real-time inventory visibility," he says.

"Supply chain partners are being asked to respond quickly to the dynamic market changes and spikes in volume – a 'scaling up' challenge that requires flexibility in capacity, staffing and systems. This is particularly heightened during seasonal peaks, such as during Black Friday, Cyber Monday or Boxing Week."

As consumers continue to demand and expect more, retailers that want to succeed will need to embrace omnichannel commerce, says Mr. Ferguson. "This is where we're seeing a lot of growth," he says, "and it is exciting."