INTEGRATION IN RETAIL

At Glue Reply, we are currently helping a number of our retail clients to introduce greater integration into their business operations and systems. But why is integration such a hot topic, and where do we need to start?

DRIVERS FOR INTEGRATION IN RETAIL

Today's retailers are faced with a highly competitive marketplace. Here are some of the challenges.

FROM CHANNEL INTEGRATION TO UNIFIED CUSTOMER EXPERIENCE. Most retailers now sell across many channels – from traditional stores to the Internet. But these channels typically present an inconsistent experience to customers:

- confusing product and price information
- complicated and conflicting promotions
- divided inventory
- organizational rivalries

So there is a great interest in bringing these disparate channels together into a coherent channel-agnostic experience. Some people call this *Omnichannel*. We call it *Proximity Commerce*.

Channel integration provides the following benefits:

- clear and consistent product information
- improved customer insight
- coordinated product promotions and marketing campaigns
- supply-side economics of scale, from buying to inventory management

Although many retailers initially feared that the different channels would compete for the customer purse, successful retailers have found the exact opposite. The omnichannel customer typically buys more across all channels. So channel integration is seen as the royal road to business growth.

FROM CUSTOMER INSIGHT TO PERSONALISATION. Retailers want to leverage their knowledge of the customer and her requirements, inferring her preferences from her behaviour, and anticipating her future needs. This is only possible if all interactions with the customer – not only purchases and orders, but also enquiries and issues – are brought together for analysis in a consistent way.

In the past, many retailers have struggled to get a clear picture of the customer, because sales data have been aggregated and unclassified. Customer data has been either fragmented or completely unavailable. The challenge here is to collect and correlate all

kinds of customer data and draw useful inferences, which can lead to more personalised forms of sales and service. So some form of data integration is essential, to achieve a 360° view of the customer.

CONTENT AND NETWORK INTEGRATION. Some retailers have proved themselves highly adept at engaging with their customers on social media, and have established popular interactive platforms where the customers can discuss fashion and post their own content – for example, customers uploading photos of their latest outfits.

Social media also gives the retailer alternative ways of engaging with the customer, developing conversations on Facebook and Twitter, and getting reactions to a broad range of consumer topics.

The critical success factor here is embedding rich content and social media into the retail business process. Process integration involves both structured processes (such as delivery or click-and-collect) and semi-structured processes (such as complaints handling).

FROM SUPPLY-CHAIN INTEGRATION TO REAL-TIME COORDINATION. Some retail sectors change prices and promotions dynamically, based on stock levels. In the fashion retail industry, a garment may be expensive at the beginning of a season and becomes cheap at the end of the season, but this pricing can be modified according to the remaining stock. Meanwhile, the travel industry is well-known for changing the prices of hotel rooms and flights depending on availability. Sophisticated algorithms are used to increase yield and profitability, but these depend on reliable and up-to-date inventory management across all outlets, including goods held by supply chain partners and goods returned by other customers.

SECURITY INTEGRATION. Unfortunately, the complexity of the retail environment also creates new opportunities for dishonest customers. So the integration of data and processes must be matched with discreet but effective measures to protect against identity theft and fraud. Reliable identification of customers across all channels is a key requirement, with real-time tracking of suspicious activity.

FROM EXPERIMENT TO INNOVATION. The retail environment is constantly changing, customers are getting ever-more demanding, and retail staff need all the help they can get. Business is constantly looking to deploy new technologies and devices to gain competitive advantage and mindshare, and to enable retail staff to concentrate on serving the customer instead of struggling with systems.

CHALLENGES OF INTEGRATION

LEGACY SYSTEMS. Most retailers have a wide array of legacy systems and data stores on a range of technologies, including packages from different vendors. Often there is one solution for in-store Point of Sale, and a completely separate solution for eCommerce.

Typically, there have been attempts to link the in-store POS systems with back office systems for financial control and stock control, but this has resulted in a complicated tangle of interfaces, adding to the costs of system maintenance and delaying new business initiatives.

FRAGMENTED SUPPLY CHAIN AND INVENTORY. The different channels typically supply different products from different warehouses using different logistics partners, so there is duplication of inventory as well as effort. One channel may be out of stock, while another channel has plenty of stock. Obviously this doesn't only affect customer service but also profitability.

DIVIDED ORGANIZATION. Often the different parts of the retail organization are neither enabled nor encouraged to collaborate effectively in order to serve customers properly. Store managers may be concerned that serving internet customers may negatively affect their in-store sales targets. Store managers and sales staff need to be given the information and incentives to provide excellent customer service across all channels.

LACK OF ARCHITECTURAL PERSPECTIVE. These challenges are compounded when the retailer lacks a reliable picture of the business and systems landscape. Sometimes we see a great deal of well-meaning activity and conflicting initiatives, but without a common vision or roadmap.

HOW GLUE REPLY CAN HELP

INTEGRATION PLATFORM. For many of our clients, the first step of the Integration Roadmap is to establish a proper foundation for integration of information, systems and processes. We have helped our clients to select and install integration platforms from all the leading platform vendors, including IBM, Oracle, Software AG and TIBCO.

INFORMATION INTEGRATION. One of the main uses of the integration platform is to bring together information, to create a 360° view of customers, products, inventory, sales orders, and other important aspects of the business. This means not only data integration but joined-up intelligence, to provide high quality feedback to both buying and selling departments, as well as customer service and engagement.

SYSTEM INTEGRATION. The integration platform also allows the IT department to reduce the unnecessary complexity of the legacy system landscape, establishing common services and interfaces, reducing maintenance costs, and reducing the cost and time-to-market of new functionality.

BUSINESS PROCESS INTEGRATION. The ultimate prize is to be able to integrate processes across all channels, including social media, to provide a highly personalized service to all customers …

CONTINUOUS INNOVATION. … and finally, a well-managed platform will allow low-risk development and rapid deployment of new technologies and working practices across the organization.

Glue Reply, the Reply company which specialises in Enterprise Architecture, Solution Design and SOA to the retail market. Glue Reply provides high level, independent advice on the technology solutions that bring client's business objectives to life. Glue Reply's core proposition is to help organisations maximise the value from their change and technology investments by helping them define, design, implements and resource best practice Glue Reply works with blue chip and smaller companies as a trusted advisor as well as being known for getting stuck into the nuts and bolts of an IT problem – project to ensure the desired outcome.

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