

Kurt Salmon ✨

Omnichannel = Engagement

October 2014 | Tom Cole



What Makes an Omnichannel Strategy Successful?

**Every
Interaction**
— must be —
Perceived as
MEANINGFUL

A successful and effective omnichannel strategy boils down to one core principle: **creating meaningful consumer engagement.**

Meaningful engagement means creating a singular view of the organization with **no departmental silos.**

But many organizations still **struggle** with omnichannel execution.



Consumer Engagement Delivers Many Rewards

Establish an interaction that surpasses a transaction

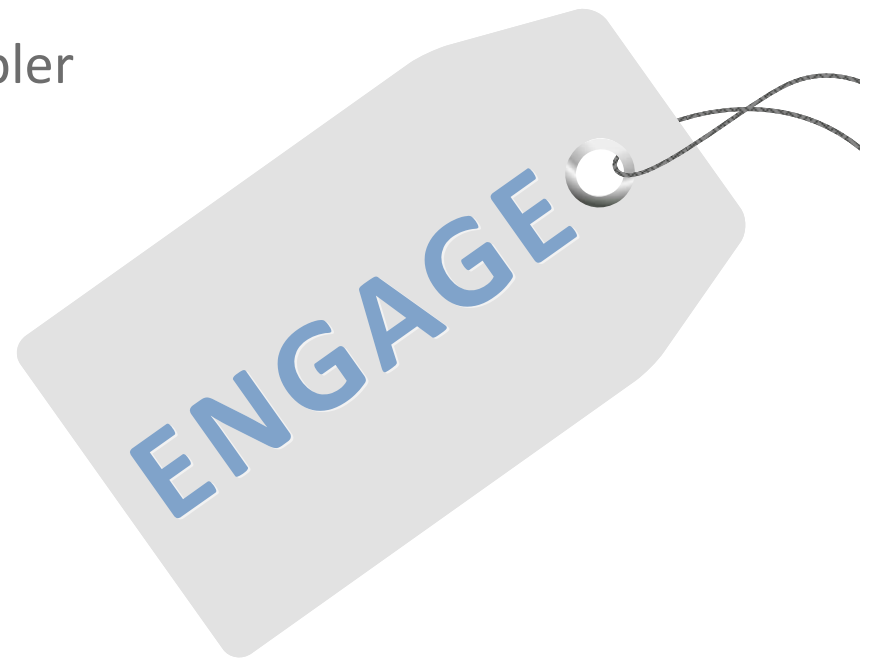
Nurture a meaningful relationship with your consumers

Gain the opportunity to be a lifestyle enabler

Achieve top-choice status

Grow the business profitably

Earn sustainable loyalty



Industry Leaders Want and Need Change

“Our goal remains to help our customers shop **whenever, wherever and however they prefer** and to use the entire inventory of the company to satisfy demand.”
– Terry J. Lundgren, Chairman and CEO, Macy’s Inc.



Select Omnichannel Strategy and Technology at Macy’s Inc. and Bloomingdale’s:

- › Apple Pay
- › Same-Day Delivery
- › Innovation in Stores Selling Technology
- › Enhanced Shopping Apps
- › Macy’s Image Search
- › RFID
- › Shopkick
- › Smart Fitting Rooms
- › Macy’s Digital Editions



Industry Leaders Want and Need Change

NORDSTROM

“Customers don’t value channels, **they value experiences**, and our entire team is focused on creating innovative and relevant customer experiences.”

—*Jamie Nordstrom, President of Stores, Nordstrom Inc.*

Neiman Marcus

“Over the years the way our customers shop our stores and websites has changed and will continue to change with the increasing popularity and convenience of smart phones and tablets. Our customers **do not differentiate between channels**, and now neither will we.”

—*Karen Katz, President and CEO, Neiman Marcus Group Inc.*



Industry Leaders Want and Need Change



“As the retail landscape evolves, we continue to deliver on our omnichannel roadmap and focus on **owning the shopping experience of the future.**”
—*Glenn Murphy, Chairman and CEO, Gap Inc.*



“The customer is changing rapidly. What the Internet and technology make possible today and what it will make possible tomorrow is very different than before. Our responsibility is to **connect customers** with products. How we do that, the speed with which we do it and the price that we do it at is all going to change a lot in the future. Our job as leaders is to **navigate from yesterday to tomorrow using what’s possible today.**”
— *Doug McMillon, President and CEO, Walmart Stores Inc.*



In Order to Optimize Engagement, Omnichannel Design Needs to Define a Clear Purpose for Every Consumer Touchpoint

What is the role of the store in an omnichannel model?

How can social media and search be leveraged successfully?

How does consumer care need to change?



What role does mobile play in the total consumer experience?

What data is available, and how does it drive consumer value?

What technologies drive omnichannel success?



Successfully Operationalizing Omnichannel Requires Addressing Multiple Complex Challenges Facing Retailers More Broadly As Well

Globalization: Lengthening Supply Chains

- › Complex product flow
- › Asset efficiency
- › Safety and security

Supply Chain Customization: One Size Does Not Fit All

- › Channel- and retailer-specific solutions
- › Product flexibility
- › SKU proliferation

Volatility: Here to Stay

- › Risk management
- › Supplier collaboration
- › Predictive analytics

Analytics: Mass Availability of Data

- › Demand sense-and-respond capabilities
- › Predictive modeling

Retailers & Consumers: New Expectations

- › Innovation
- › Consumer power
- › Social influence

Talent: Motivating New Behaviors

- › Cross-channel teams
- › New metrics and incentives
- › Ownership

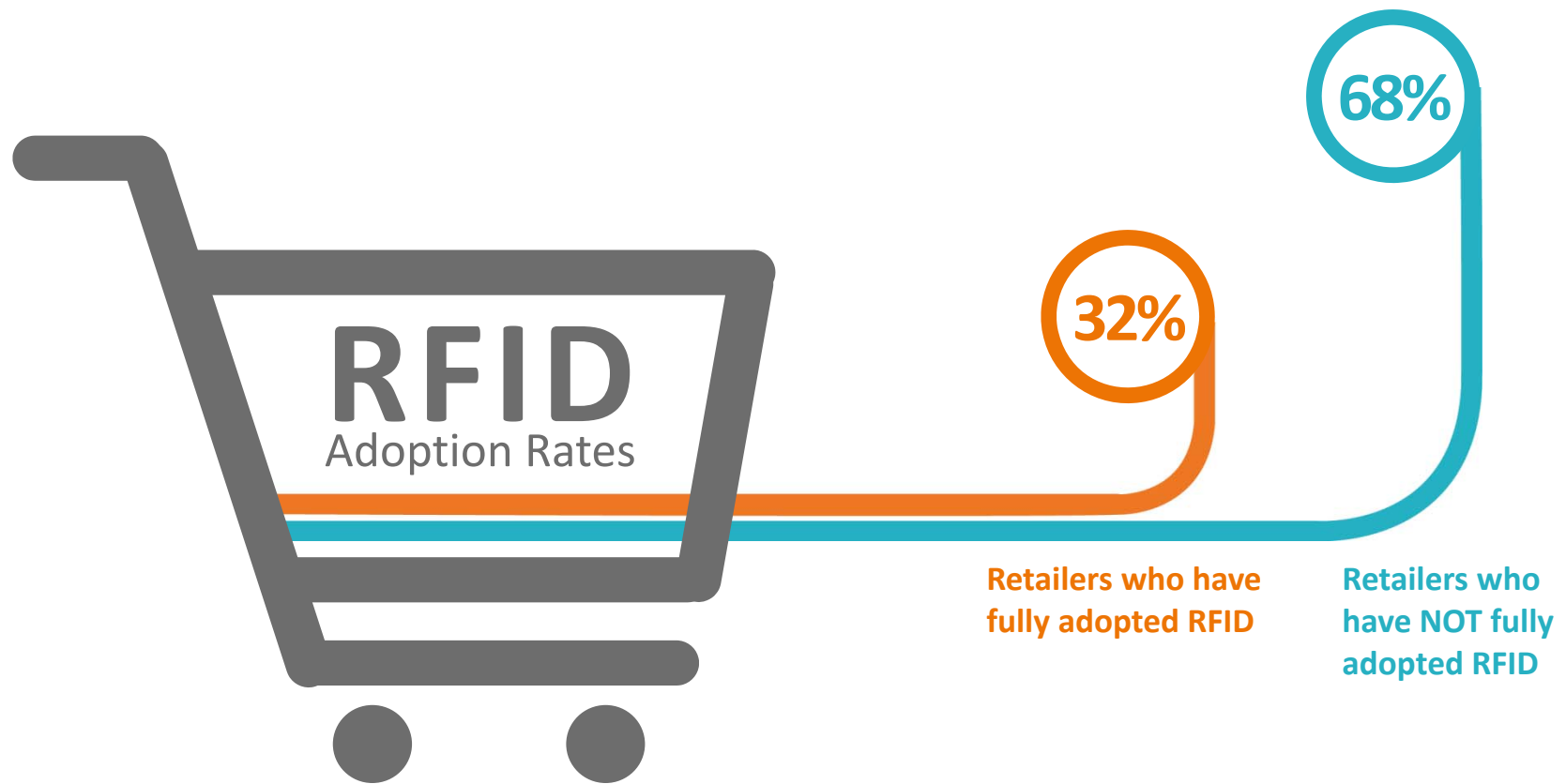


Engagement in Stores Requires Personalization

1:1 retailing in action: Kurt Salmon has partnered with Tyco Retail Solutions and Mobispoke to demonstrate how retailers can use 1:1 retailing to determine *who* their customers are, *what* they like and *how* they shop.



1/3 of Retailers Have Fully Adopted RFID



The vast majority (92%) of RFID adopters use it to improve back-room to front-of-store inventory accuracy, but other uses exist.



Beyond Inventory: Use RFID for Omnichannel Fulfillment

84%

of RFID Adopters Are
Using RFID to Support
Omnichannel Fulfillment

Omnichannel fulfillment is dependent on accurate store inventory.

RFID is the most reliable way to produce such inventory visibility.

Retailers can use this visibility to decide where to source orders to drive ship-from-store, click and collect, etc.



Beyond Inventory: Use RFID to Create an Interactive Retail Environment

Associates Learn
Customer Preferences

75%

of Current Users Plan
to Use RFID to Support an

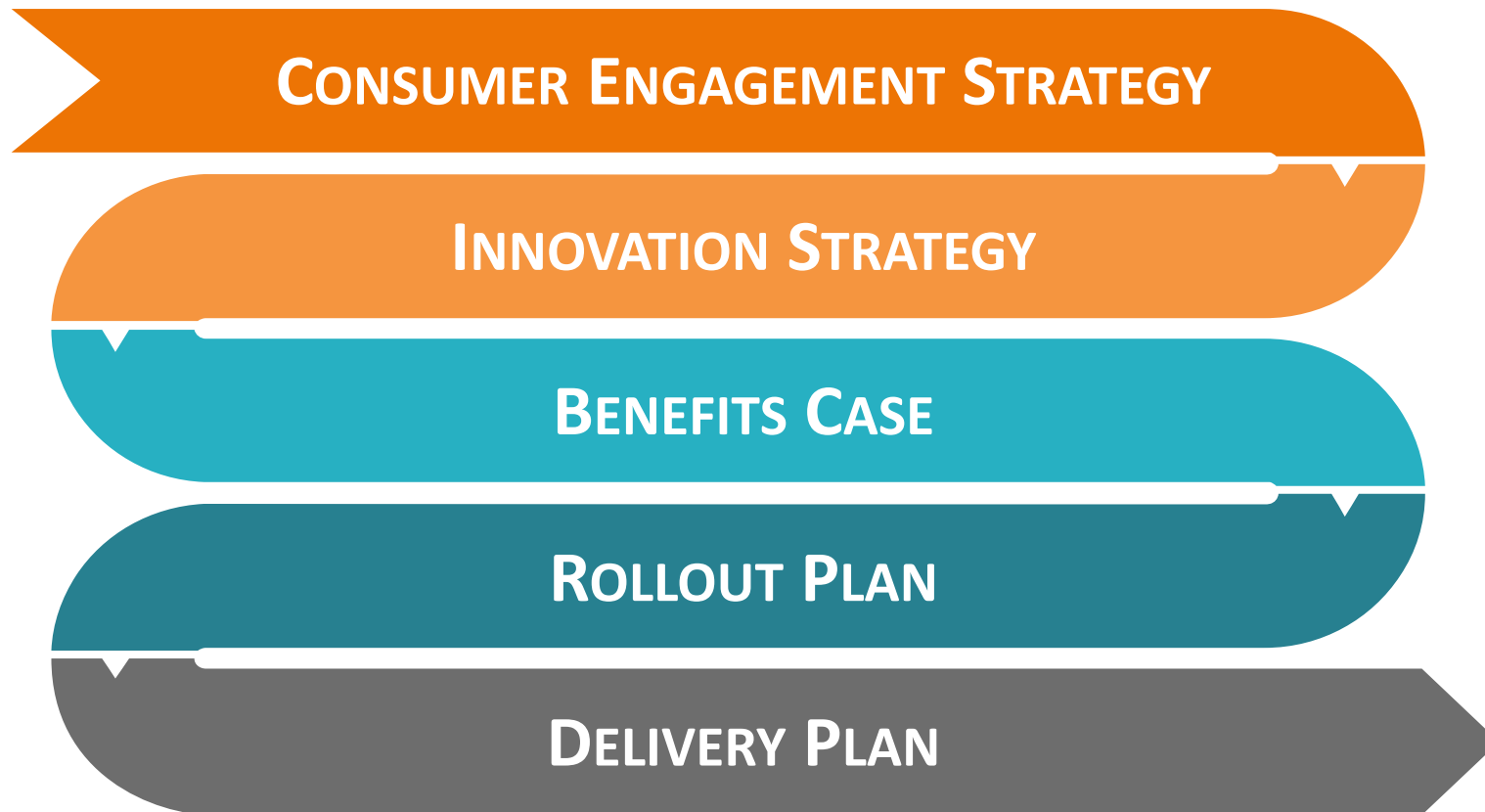
INTERACTIVE
STORE EXPERIENCE
in the Future

Create Interactive
Digital Marketing Tools
for Items Customers
Are *Already* Considering

Replicate
1:1 Retailing



The Consumer Engagement Roadmap Clearly Defines Which Omnichannel Investments to Make—and Their Potential Payoff



Successful Omnichannel Retailers Embrace the Following Imperatives

- 1 Secure and communicate commitment from the top
- 2 Make ONE PERSON ultimately responsible for omnichannel transition
- 3 Invest heavily in your customer analytics, supply chain and IT architecture
- 4 Redesign the organization to specify cross-channel vs. single channel roles and all their interaction points and processes
- 5 Establish clear accountability for buying and flowing inventory within and across channels
- 6 Realign P&Ls and KPIs to drive the right behavior
- 7 Embrace risk, move fast, stay focused!

