The Omnichannel Illusion

80% of retailers lack an omnichannel strategy



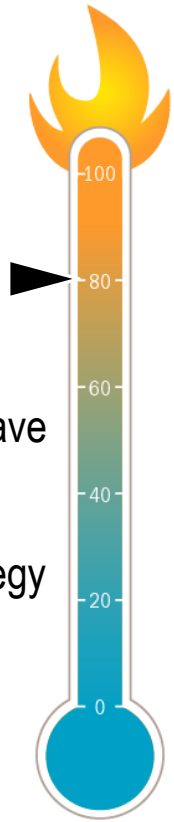
Munich, March 2018

80% of retailers lack a well-defined omnichannel strategy and don't offer a smooth customer journey

No strategy

80%

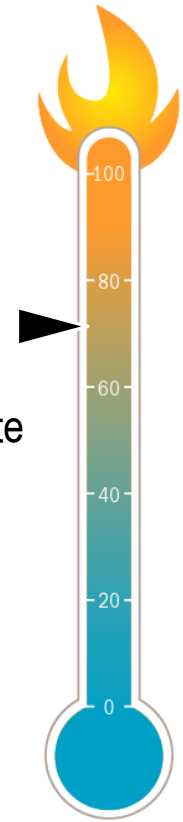
of retailers don't have a well-defined distribution- and omnichannel strategy



No competence

70%

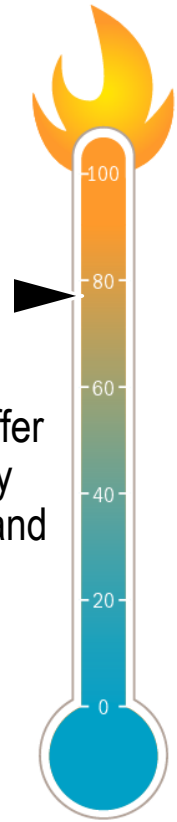
of retailers evaluate their omnichannel competence as insufficient



Customer Journey Gap

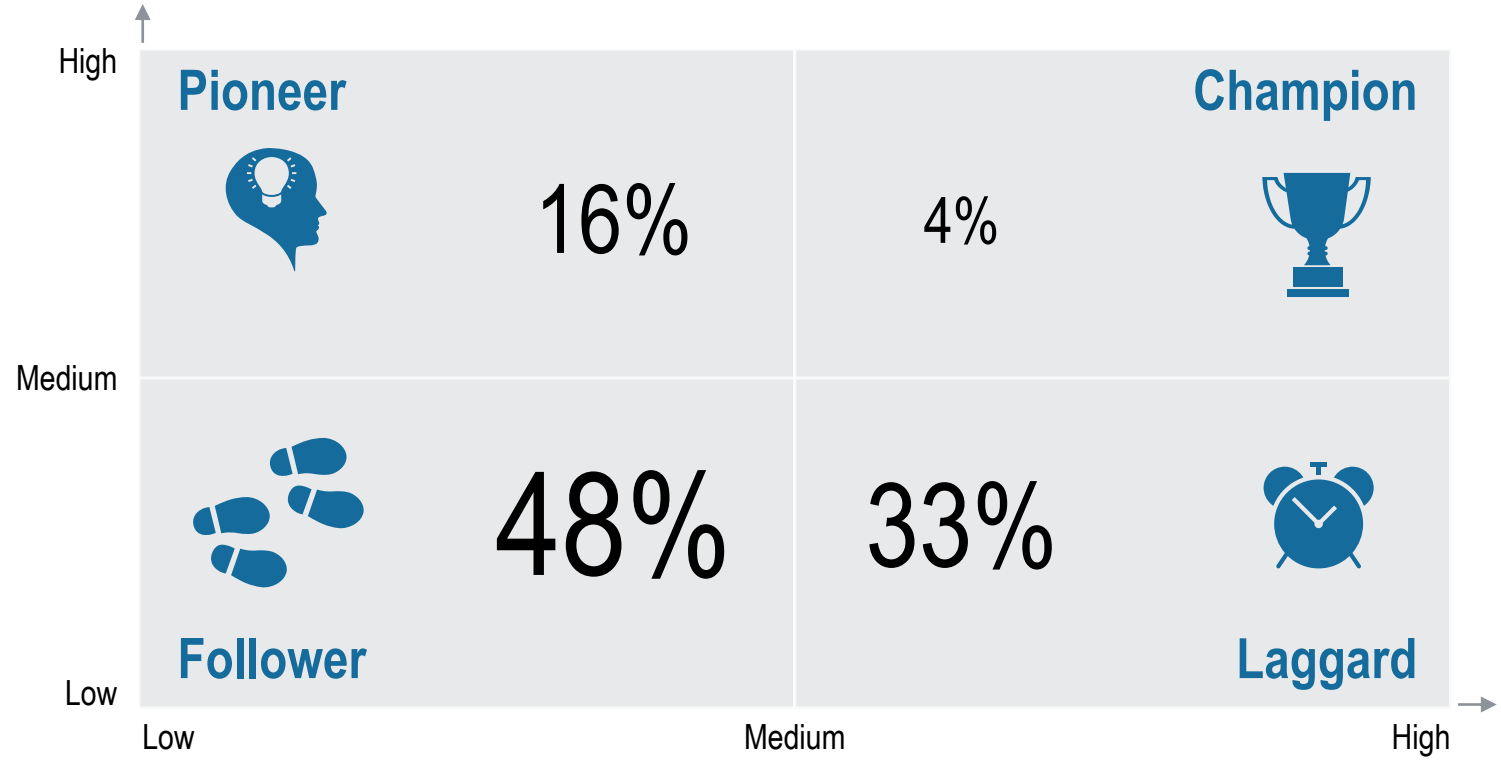
78%

of retailers don't offer a customer journey combining offline and online channels



Source: Roland Berger Research: Survey of 100 decision-makers from leading retail companies in Germany, Austria and Switzerland, 2017

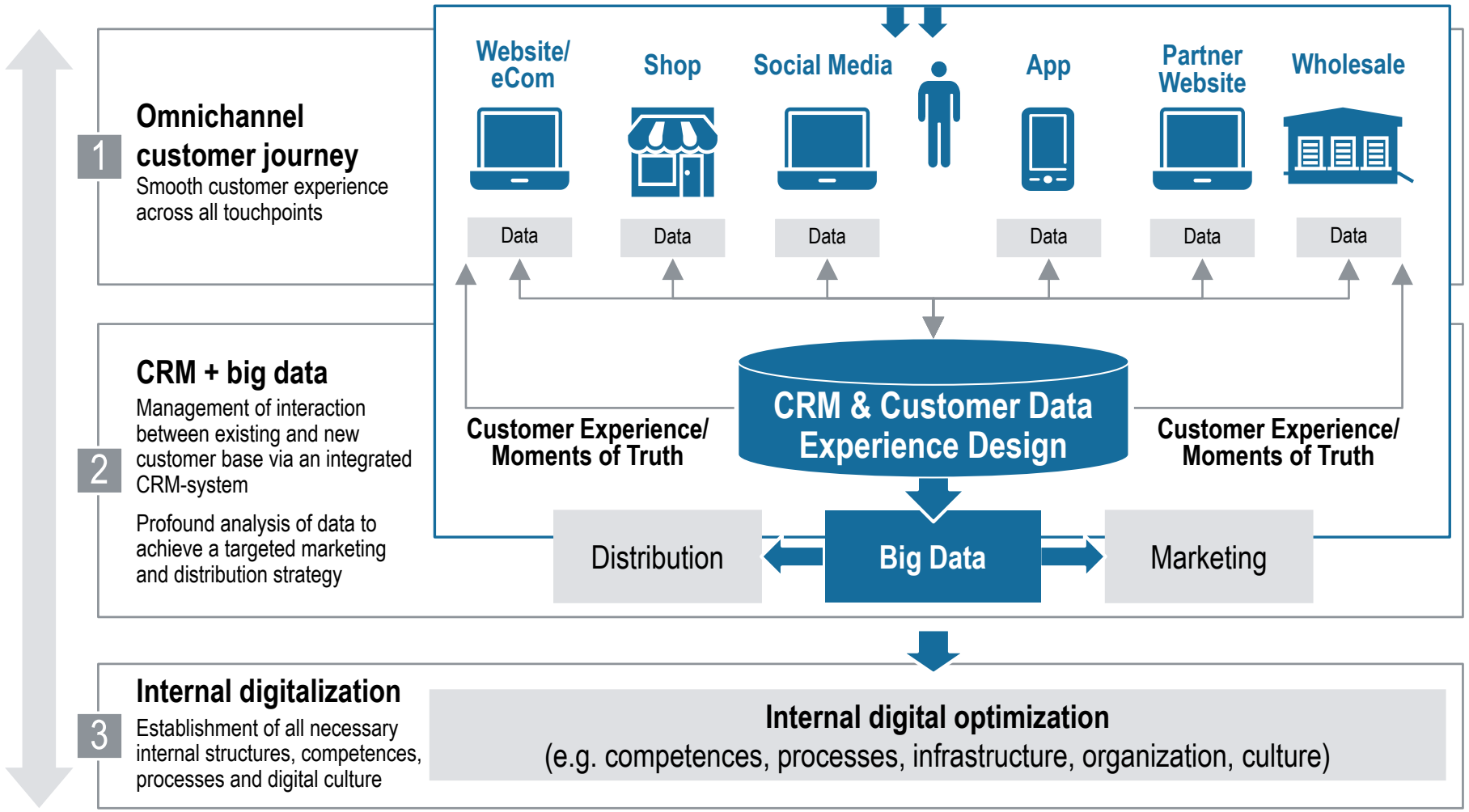
Omnichannel fitness is quite low, as majority of retailers are currently follower and laggards – Only few champions



xx % = distribution of companies according to a survey in Germany, Austria and Switzerland, 2017, industries of focus: food retailing, textile retail, electronics retailing and mail order/ online retailing

Source: Roland Berger; Assumption: Omnichannel-pressure constantly increases in all retail industries

A fully digitalized predictive and responsive supply chain enables the flexible allocation of products to channels



Source: Roland Berger

8C omnichannel approach – Eight key success factors for the development towards a customer journey champion



- **8C approach derived from over 100 omnichannel projects** of Roland Berger
- Implementation of omnichannel requires a **strong change of mindset and transformation** along the customer value chain
- Definition of **role of channels and channel strategy** as a crucial success factor
- Integration of silos, data and channels required for **Customer Delight**
- Development of competence in **data, coding and marketing** as a prerequisite
- **Digital supply chain** as the backbone of omnichannel excellence

Source: Roland Berger

Competence: Many retailers struggle with the development and integration of adequate skills, employees and teams



Is the organization prepared for an omni-channel strategy?

- ☐ IT infrastructure enabling the merging, analyzing and clustering of customer data generated via different channels
- ☐ IT infrastructure supporting the flow of information between the regularly used channels
- ☐ Collaboration across all channels regarding e.g. the organization of marketing and category management or the market

Success factors

> Integration and collaboration of all involved divisions within and beyond the organization

> System support enabling fast reactions to changes

Challenges

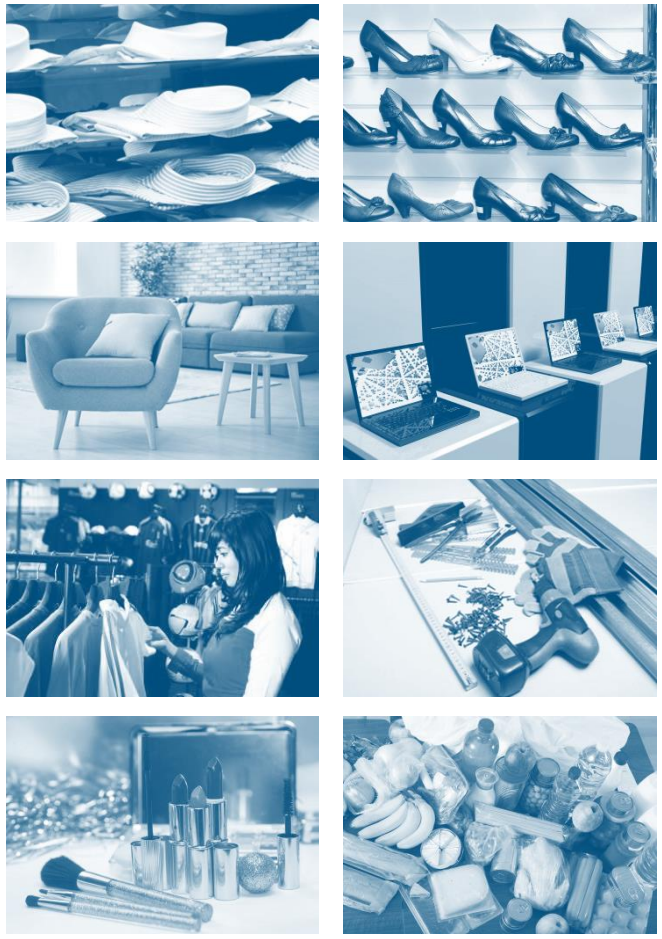
> High degree of coordination

> Change management

> New requirements for competence profiles

Source: Roland Berger

Category: Different product categories require different channel and customer strategies



Is the omnichannel strategy adjusted to the product category?

- ☐ Definition of channel preferences of customers of relevant product categories (increased focus on product category)
- ☐ Prediction of future developments of customers channel preferences of relevant product categories
- ☐ Comparison of own market presence concerning the relevant channels with presence of competitors

Success factors

> Access to external data regarding the general channel development within the relevant product category

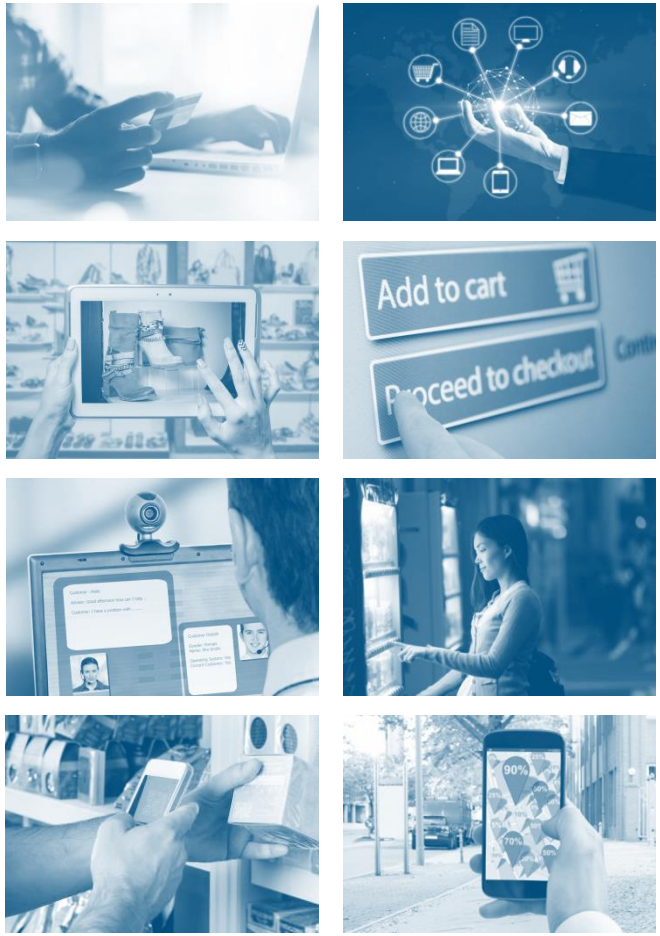
> Internal analysis of product performance per channel

Challenges

> Strong fusion of different channels, sometimes information gathering and purchase via different channels

Source: Roland Berger

Channel: Channels often operated as silos, old channels characterized by possessive thinking & fear of loss – Realignment necessary



Is the omnichannel strategy focusing on the appropriate channels?

- ☐ Correct usage of channels, e.g. via apps, click & collect, in-store pickup, chatbots, QR-codes, beacons, virtual fitting rooms, etc.
- ☐ Definition of a comprehensive customer journey across all relevant channels
- ☐ Linking of different channels to facilitate cross-selling
- ☐ Coordination of distinct channels towards a consistent customer experience
- ☐ Harmonization of pricing between different channels

Success factors

> Constant analysis of channel performance including strength and weaknesses

Challenges

> Cannibalization of different channels possible

Source: Roland Berger

Customer Data: Customer data has to be recorded directly at the point of touch, be combined and used for assortment planning



Is an adequate analysis of customer data possible?

- ☐ Comprehensive aggregation and analysis of customer data across all channels
- ☐ Classification of customers regarding their usage of channels
- ☐ Definition of distinct customer journeys for different customer groups
- ☐ Targeted addressing of different customer groups via their preferred channel
- ☐ Addressing of customers via different channels depending on the customer life cycle status

Success factors

> Big-Data-Analysis
> Segmentation of target groups per channel
> Definition customer journey

Challenges

> Access to customer data
> Legal restrictions due to usage of personalized data possible

Source: Roland Berger

Code: Omnichannel excellence requires the fast and resolute usage of new digital technologies



Are the relevant digital technologies optimally selected and used?

- ☐ Institutionalized regular screening of available digital technologies for front-end and back-end processes
- ☐ Structured selection process for potential partners with appropriate know-how about new digital technologies or internal development of required competences
- ☐ Well-defined pilot process to test acceptance and suitability of new digital technologies with rather low risk

Success factors

> "Try-and-Error"-culture
> Definition of clear responsibilities and processes
> Development of profound digital competence

Challenges

> Prediction of customers' acceptance of new technologies

Source: Roland Berger

Chain: Omnichannel excellence is entailed with a more flexible, transparent and complex supply chain



Does the supply chain meet the necessary requirements?

- ☐ Development of a supply chain which meets the growing demand of an omni-channel strategy, e.g. real-time display of inventory, decentralized return management, decentralized product delivery, etc.
- ☐ Decision regarding the in-house development of competence or cooperation with external partners (make vs. buy)
- ☐ Introduction of additional KPIs to measure the supply chain efficiency

Success factors

> Technical support of supply chain
> Selection of appropriate partners
> Management and controlling of supply chain

Challenges

> Higher complexity

Source: Roland Berger

Cost: Potential saving effects and costs of omnichannel strategy have to be considered



Are additional costs in a healthy relation to expected savings?

- ☐ Potential saving effects through targeted incentivation of channels with better cost structures
- ☐ Potential increase of costs as a consequence of omnichannel return management, or in the area of logistics and warehousing due to a more complex supply chain
- ☐ Investment in IT infrastructure, e.g. online check of availability, chatbots, etc.
- ☐ Costs of implementation of new channels, e.g. for the development of apps, pick-up-store desk, etc.

Success factors

> Transparency of costs and analysis of potentials

> Planning of implementation

Challenges

> Difficult measurability of costs due to fusion of channels

Source: Roland Berger

Culture: Omnichannel excellence presupposes a corporate culture welcoming innovation and overcoming the thinking of silos



Does the corporate culture support the omnichannel strategy?

- ☐ Strengthening of a culture which welcomes innovation and technological reforms and accepts failure
- ☐ Break away from the thinking of silos in order to enable inter-divisional processes
- ☐ Development of operational teams regarding the reciprocal exchange between channels to eliminate internal competition

Success factors

> Pilot projects facilitating "Try-and-Error"
> Cross-functional teams
> Precise communication of omni-channel strategy
> Definition of omnichannel KPIs and targets

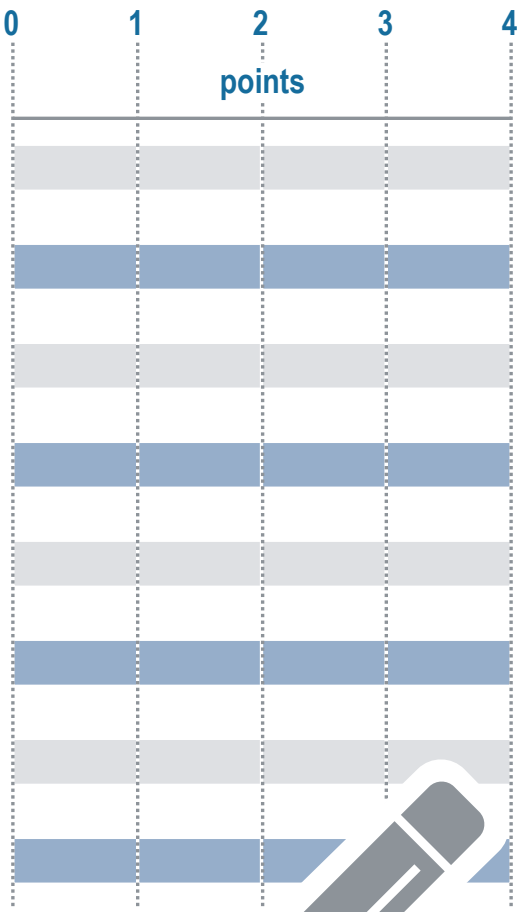
Challenges

> Difficult measurability of individual performance and acceptance of collective performance demands

Source: Roland Berger

Test your omnichannel fitness – Not satisfied with your result? Let us help you to become a true omnichannel champion

		Self evaluation
Competence	Is the organization prepared for an omnichannel strategy?	
Category	Is the omnichannel strategy adjusted to the product category?	
Channel	Is the omnichannel strategy focusing on the appropriate channels?	
Customer Data	Is an adequate analysis of customer data possible?	
Code	Are the relevant digital technologies optimally selected and used?	
Chain	Does the supply chain meet the necessary requirements?	
Cost	Are additional costs in a healthy relation to expected savings?	
Change	Does the corporate culture support the omnichannel strategy?	



Your result **<24 points: Follower/ Laggard** **24-32 points: Pioneer/ Champion**

Source: Roland Berger

Select the most suitable option for your company

Option A

Best Practice Session



- 2-hour working session
- Exchange about omnichannel best practice and ensuing discussion
- Appropriate for companies that only have little or no omnichannel experience

Option B

Omni-channel Audit



- Half-day workshop
- Mutual analysis of omnichannel performance according to the 8C approach
- Identification of potentials and first suggestions for possible solutions
- Appropriate for companies with basic omnichannel experience

Option C

Omni-channel Champion



- 2-week audit of omnichannel fitness according to the 8C approach, benchmarking and interviews
- 2-day workshop at Spielfeld, the Roland Berger Hub in Berlin
- Development of roadmap to become an omnichannel Champion
- Appropriate for companies striving for the next level of omnichannel

Become an omnichannel champion! – Arrange an appointment with our expert

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Source: Roland Berger

Your personal partner at Roland Berger



Tobias Göbbel

Head of Global Practice Group Sales and Marketing of Competence Center Consumer Goods & Retail

15 years of consulting experience

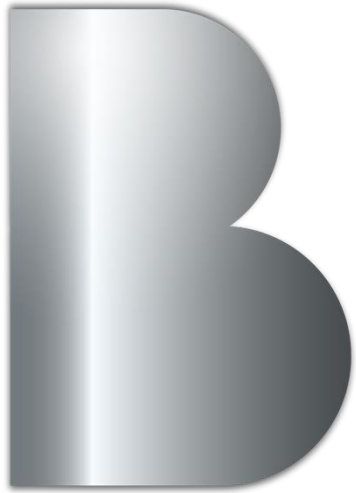
Focus omnichannel and customer value management Strategy retail and industry



Become an omnichannel champion! – Arrange an appointment with our expert

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Roland Berger



Think:Act