The Omnichannel Illusion

80% of retailers lack an omnichannel strategy
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

Omnichannel fitness of retailer

<table>
<thead>
<tr>
<th>Pioneer</th>
<th>Champion</th>
</tr>
</thead>
<tbody>
<tr>
<td>16%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Follower</th>
<th>Laggard</th>
</tr>
</thead>
<tbody>
<tr>
<td>48%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Indicators are, among others the number of customer touchpoints, ratio offline/online sales, integration of customer journey, …

Omnichannel pressure within industry

Indicators are, among others the online share of each product category and its growth, relevance of internet, eCommerce and digitalization along the customer journey, …

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

1. Omnichannel customer journey
   Smooth customer experience across all touchpoints

2. CRM + big data
   Management of interaction between existing and new customer base via an integrated CRM-system
   Profound analysis of data to achieve a targeted marketing and distribution strategy

3. Internal digitalization
   Establishment of all necessary internal structures, competences, processes and digital culture

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 incentivization 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 omnichannel 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

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

**Self evaluation**

<table>
<thead>
<tr>
<th>No, not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4 Yes, absolutely</th>
</tr>
</thead>
</table>

**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
tobias.goebbel@rolandberger.com | +49 160 744 8113
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
tobias.goebbel@rolandberger.com | +49 160 744 8113