



Multi-Channel vs. Omni-Channel

The past few months has seen the sudden rise of “omni-channel”. This new phrase has emerged and is being touted as “the next big trend”. Apparently it’s something different to “multi-channel”, which was last year’s hot topic. But is there a difference really? Aren’t we all in effect saying the same thing? Simply that in this fast-changing world where digital technology is displacing traditional ways of retailing, that to be successful, a retail group needs to operate effectively across all channels, whether it’s store, online, mobile, TV or whichever medium the customer is interested in buying. And surely we all get that nowadays, don’t we? We’ve seen the stats, we’ve experienced the sea-change in consumer habits and preferences, we know surely that to be successful that this is the new game in town and one we need to learn to play.

And while all that’s right, it’s worth just stopping and reflecting on why this new term “omni” has arisen, why are we being confronted with yet new concepts and challenges, as if the day job isn’t demanding enough already!

The answer is because for many, “multi-channel” has actually meant not much more than just the e-commerce /online route to market. Companies have hired “multi-channel” directors where their remit is very simply to head up that new channel, e-commerce, and drive sales online. Their task is to build the digital flagship”, to develop engagement with customers in that arena specifically. If there is any “multi-channel” responsibility it’s often just about making sure that eg the web site address is on the shopping bag, or the TV ad refers to the web site or that there is a store locator function on the web homepage. Multi has typically meant a focus online with maybe a measure of marketing connectivity that offers some apparent cross-platform communication to customers.

But of course the cross-platform opportunity is bigger than that. And this is where it starts to become difficult. There is the bigger opportunity to provide a unified customer experience. And that means that whatever channel the customer touches they will see the same stock at the same price with the same promotions merchandised in the same way and that connection is made and updated in real time.

That is not easy to do. And that is why for many companies, “multi-channel” has stopped at simple connected marketing. And why most companies have not yet got to that broader “omni” capability. But that omni-capability is worth so much more, that ability to truly engage with customers no matter what the channel and yet provide a seamless and integrated and updated experience.

Let’s look at a case study. Aurora Fashions is perhaps an unlikely but certainly excellent example of a retail group who have gone beyond “multi” and embraced “omni”. It’s been a challenging journey which has taken time and commitment as well as establishing a far-reaching vision of the benefits and business gain to be had.

Aurora Fashions case study

About 6 years ago, they embarked on their multi-channel journey. Their mission was to be able to do business with their customers “Anywhere and Everywhere”. To challenge themselves and to differentiate their mission from the general multichannel talk, they set their sights on delivering the “Omni-channel” experience.

Aurora runs 4 key retail chains. They are Oasis, Coast, Warehouse and Karen Millen. Their IT Director who kick-started this initiative was John Bovill. He was an early advocate and believed that, get this right, and it would not be about cannibalising existing store sales, but quite the contrary, it would be a net driver of sales growth and competitive advantage.

While the early phases of John’s journey were to establish the basic functioning of the key transaction web sites, it quickly became clear that as online sales grew so that success also created a problem. How could an online consumer tell if an item was actually in-stock, what if they bought the item online but then the fulfilment team found that the item had been sold, how could Aurora in effect provide some kind-of real time inventory system that would automatically update and so show only what’s available, and could they also provide this same system in-store so shop assistants in Southampton could find an item in a store in Aberdeen, and could all this be done in an accurate, up-to-the-minute way so that stores, shoppers and Aurora warehousing and distribution staff could all react immediately and efficiently. And if all that was done, could it be implemented and deployed in such a way that it would in fact drive incremental sales and provide that better and unified customer experience?

Aurora set about that task and it required a major systems alignment and transformation. They appointed Ish Patel as their “Omni-channel director” to coordinate and lead this real –time multi-channel upgrade, they committed significant time and energy to explaining and training so that staff throughout the group would understand and most importantly be able to use the system solution in the way it was envisaged.

And through 2012 this has now been achieved. Digital commerce has been merged with physical retailing to create a seamless experience for the customer. It has established a new model for stock management as it opens up the whole stock inventory across the full store portfolio. “With our Anywhere Everywhere model, we are saying to customers that if we have it in the UK, then we will get it to you wherever you want it”. This is not just true for shoppers online but also for every store. “Every store now has the opportunity to boost sales by fulfilling web orders. It also enables even the smallest store to have access to the Brand’s full product range, even to the limited editions”.

Stock records are updated in real time. The old approach of updating every 24 hrs is now seen as “dinosaur territory”. There is now “seamless integration” throughout the supply chain from Merchandising, Warehousing, Store, Sales analytics, Planning, Customer Services, and Fulfilment. What’s more to really drive through the benefits of this, Aurora promise to their customers that they will deliver stock from the store within 90 minutes if the consumer lives in the same town as the stock item is found.

In 2012, this has led to a 28% uplift in availability of online products and has begun to materially drive extra sales. Online conversion rates doubled. The early metrics showed 10 to 15% uplift in like-for like sales. What’s more and what was not expected is that the system enables Aurora to maximise its full price sales. “In some instances full price sales have risen by 80% to 98%. We find we can use this system to highlight product availability and make sure that demand is met and not disappointed. We can be sure therefore to fulfil and every product line gets maximum exposure because it’s available “everywhere!”

Store staff have become real enthusiasts as they get credit for the additional sales they can generate through their finding stock for their customers or for assisting in the follow-up local deliveries. Now moving forward, fixed tills are being replaced by iPads which shop assistants carry around with them, “It’s more fun, it’s much more exciting, it gives us a lot bigger role”. Ish Patel comments how this “single view of stock” is very much underpinning how the way Aurora moves forward. And it has become a hallmark also supporting the company’s international expansion.

Aurora has been a pioneer, but others are fast catching-up. House of Fraser, Debenhams, Tesco, John Lewis are all vanguard organisations pushing out this omni-channel capability.

Marks and Spencer is said to be investing > £500m in its multi-channel “foundation programme” to also create this single view of stock no matter what the channel in real time. For sure it’s not an easy thing to deliver but as others follow Aurora’s lead it is clear that “omni-channel” is going to be the way of commerce in the future.

What does this mean for retail and other groups as they start to build their own omni-channel group? What sort of people and skills should they be searching for? Aurora has approached this from an IT /Technical perspective aligning internal systems to present this single view of stock to the customer. And that is without doubt one critical dimension. It’s also important that the Marketing Chief is able to match this and in parallel ensure that this integrated internal view is captured and communicated in the most powerful and effective way to the consumer. And with that in mind the marketing team needs to adopt the sort of profile described in a recent job description and candidate search that Digital-360 was involved in.

The multi-channel Marketing Director: Job description

The Marketing Director needs to have a truly Multi-channel outlook and perspective. They must be “the voice of the customer” no matter which way the customer connects with us. This person is the overall champion of the customer experience and has responsibility for ensuring that experience is fully integrated. This means in practice that whether a customer interacts in-store, by phone or online they will see, hear and feel the same thing. All marketing communication needs to be “joined-up” and planned to be complementary and supportive and timely. The customer needs to be comfortable and confident in whatever way they choose to browse or buy. The customer must see the same stock, the same availability, be empowered to eg “phone and reserve” or “click and collect”, the pricing and merchandising and special offers must be aligned and the same, they must be able to see their account history no matter which way they have purchased in the past and the Company must be able to recognise and deliver that.

This role is an important step in the Company’s journey to deliver a fully integrated, joined-up customer experience. The multi-channel Marketing director must be the champion of this journey. Success will be delivered by reference to specific customer satisfaction scores, increased transaction size and specifically targeted revenue increases.

Retail Week’s 2013 conference features a number of speeches and agenda items on this multi vs. omni theme and it’s clearly something that retailers want to explore and find out more. But the key message is that omni is useful as a concept to show there is further to go than just the multi solution and that true joined up and integrated customer engagement is yet a step further on this digital journey. For sure it is more challenging and will require more far-reaching change but it is a path that others have shown is possible and it is a path that can produce significant benefits. Without doubt, the winning organisations of tomorrow will be those who have really embraced what this omni-channel world now demands!