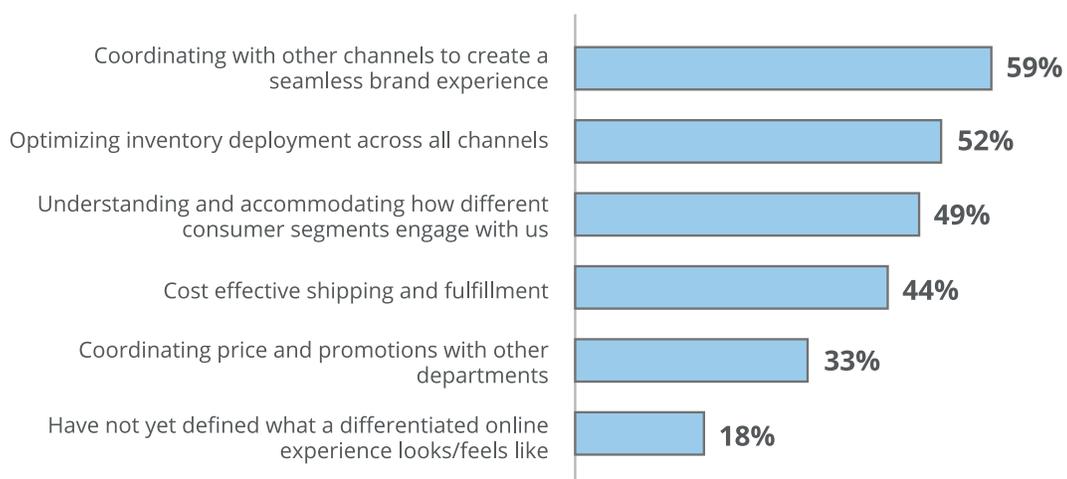# Conquering Retail's 6 Biggest Cross-Channel Challenges

There's nothing short of an onslaught of system-specific solutions marketed with claims they can make sense of a retailer's myriad data nightmares. Despite the best intentions of these tools, they've only exacerbated a problem that's plagued retailers in every channel since the dawn of the computer age.

It's a problem we call "point solution pollution," and it's marked by a disparate conglomerate of system-specific data silos, each fed by a piece of software built to solve a problem or serve a business purpose, and each with its own reporting designed to give us a pretty view of *something*. But the irony is that when you have to look at twenty different somethings to understand your business, you're left with very little time to run it efficiently.

In this paper we'll explore how point solution pollution impacts the top six operational challenges faced by cross-channel retailers, as identified by retailers themselves in Retail Systems Research's (RSR) new benchmark report, *The Multi-Channel Retailer's Reality in a Post-Amazon World*. We'll also illustrate how Domo's cloud-based business intelligence platform helps overcome these challenges by enabling retailers to see all their disparate data sources in one place, in real time, on any device.

Retail's Top Six (6) Operational Challenges

Challenge	Percentage
Coordinating with other channels to create a seamless brand experience	59%
Optimizing inventory deployment across all channels	52%
Understanding and accommodating how different consumer segments engage with us	49%
Cost effective shipping and fulfillment	44%
Coordinating price and promotions with other departments	33%
Have not yet defined what a differentiated online experience looks/feels like	18%

Source: RSR Research

Challenge 1:
Coordinating with Other Channels to Create a Seamless Brand Experience

With a full 59% of retailers reporting a lack of brand coordination among channels as their top operational challenge, it's clear that the concept of "omnichannel" retailing is premature. Coordination requires communication of the right data—so when data is locked in systems that are incommunicado, brands inevitably stumble and fall.

Today's retailer leverages a host of touch points that define the brand—from print to email to Web, call center, mobile, and social media tools—all of which rely on different platforms that both distribute and collect data. This disparity creates a difficult brand management environment, one in which the brand perception can become incongruent from one consumer touch point to the next.

Illustrating the Challenge
For the luxury retailer Nordstrom, convenience is a core brand value. This value is exemplified across all consumer touchpoints, ranging from free online shipping to their extraordinarily lax in-store return policy. But as recently as 2011, customers visiting Nordstrom.com were not automatically redirected to the mobile-optimized version of the site—even though one existed. Forcing smartphone consumers to seek out and activate the mobile-friendly URL was an unnecessary inconvenience that undermined the cross-channel brand experience.

Nordstrom has since addressed this issue, which, according to research from Google, is a smart move

since "67% of smartphone users are more likely to buy on mobile-optimized sites versus ones not optimized." The takeaway for retailers is that it's imperative to understand how consumers interact with each brand touchpoint, so that the touchpoints can be adjusted to consistently meet or exceed expectations.

Challenge 2:
Optimizing Inventory Deployment Across All Channels

How can cross-channel retailers improve their omnichannel brand perception when 52% of them haven't gotten cross-channel inventory deployment right? How long should it take—years into the age of e-commerce—to properly allocate inventory where it's selling?

This widespread inventory deployment challenge demonstrates the crippling effect of siloed cross-channel data and reporting.

Illustrating the Challenge
Consider Google's much-maligned release of its Nexus 4 smartphone; the entire launch event was besieged by problems. No presales meant zero visibility into demand. As consumers lined up at physical stores in hopes of being among the first to receive them, the majority were turned away when the phones sold out in minutes, an especially frustrating experience given that sales began 15 minutes ahead of the company's stated 9:00 AM release. By the time the clock struck 9:00, the company's Google Play site (where online orders could be placed) was rendered unusable, crushed by the stress of heavy traffic. At stores, the phones were gone. After a full two days of silence as Google

recovered from the meltdown, hopeful buyers were told of an indefinite weeks-long wait for backordered units.

Addressing these challenges requires the ability to aggregate disparate sets of data to anticipate—or at least understand and respond to—the root causes of potential and in-process inventory problems.

Challenge 3:
Understanding and Accommodating How Different Consumer Segments Engage with Us

Almost half (49%) of retailers struggle with their understanding of customer engagement from one channel to the next, compounding both the seamless brand perception challenge and the inventory deployment struggle. In cross-channel retail, the ability to understand and accommodate customers is dependent upon the ability to understand and access data across departments, systems, and channels.

Customer segmentation exercises are relatively easy to execute in a single channel, but developing a holistic segmentation effort that spans channel activity requires a copious amount of time and effort. Data has to be pulled source by source, aggregated, and prepared for analysis before conclusions can be made.

Illustrating the Challenge
In an environment where top-tier retailers like Cabela's and Staples have set a benchmark for targeted cross-channel promotions, ignorance of customer segmentation is no longer tolerable. Retailers like these have established the consumer's

expectation that digital and print promotions will be targeted specifically to an individual's demonstrated interests and delivered via the medium, and time, they're most likely to engage. So when retailers maintain disparate databases with online and offline customer segmentation data, getting a real-time, 360-degree view of the customer is next to impossible.

Challenge 4:
Cost Effective Shipping and Fulfillment

Even when inventory is allocated effectively enough to feed each channel, 44% of retailers struggle with shipping and/or fulfilling that inventory efficiently. Why? With the proliferation of retail sales channels available to consumers, the potential for inefficient fulfillment is exacerbated. It's a problem that's compounded by the siloed pockets of channel-specific inventory that remain prevalent among retailers.

Many retailers took a big leap toward cross-channel congruency by enabling consumers to do such things as buy merchandise online and return it to stores, or buy out-of-stock merchandise in stores and have it shipped to their homes. But, without the ability to view this fulfillment execution data across sales channels, or marry it with cross-channel customer and returns data, it's difficult to identify problems, fraudulent order and returns activity, and areas for fulfillment improvement.

Illustrating the Challenge
Best Buy experienced a massive fulfillment problem when a holiday shipping error caused the company to ship as many as five new iPads to several

customers who had only ordered one. The retailer made headlines by encouraging those consumers to keep the units and give them to those in need.

Problem was, Best Buy didn't know about the error until it was reported in the news. What would the company's response have been had it erroneously shipped thousands of the units? And in that event, how soon would it have recognized the error and corrected it? What ended up a public relations opportunity could have easily turned into an embarrassing and expensive problem, one that real-time analysis of multi-source data could have helped the company avoid.

Challenge 5:
Coordinating Price and Promotions with Other Departments

Price and promotions disparity is a customer killer, and as long as it's pervasive it will hamper any attempt to make "omnichannel" a reality. Still, 33% of retailers struggle to coordinate price and promotions among departments.

Cross-channel coordination and optimization of pricing and promotions is best guided by data, and that data has to be available fast, and in a single view. Unfortunately, the data that guides this coordination comes from several different sources—online, mobile, catalog, and store/district/region at a minimum. It's therefore difficult to see product performance, which dictates pricing and promotion decisions, across all channels. Are online discounts cannibalizing physical store sales? Are advertised prices aligned with in-store pricing? Does pricing vary by regional demographics? Can you get away with strategic price disparity? Knowing the answer to these questions is critical for any retailer.

Illustrating the Challenge
Back in 2010, Sears/Kmart was forced to stroke a $1.1 million check to compensate for charging California consumers higher-than advertised prices on various merchandise. And while "online-only" or "in-store only" pricing can be leveraged as a strategic means of mitigating markdowns and liquidating excess merchandise, it has also created many a high-profile debacle for retailers at the hands of disenfranchised consumers.

Only when interdepartmental data silos are exposed, aggregated, analyzed, and shared will congruency of price and promotion efforts occur at the execution level. And yet again, the opportunity to achieve such congruency often comes at the high cost of systems integration or new platform adoption.

Challenge 6:
Have Not Yet Defined What a Differentiated Online Experience Looks/Feels Like

Online retail differentiation is part-and-parcel with brand perception. According to the research, 18% of retailers don't yet know what their online differentiator is. That's likely because the right people don't have—or haven't studied—the metrics that can tell them. What do customers love about your site? Where do they linger? What do they buy, when, and why? The beauty of online retail is the shopper traceability it affords; with access to the right data, cross-functional teams can track your consumers' every open, click, pause, and zoom, allowing you to put your best players in the game and bench the non-contributors.

While every click from every shopper on your site creates data, that data is all-too-often unstructured and unaccounted for. When only the "big" metrics are charted, it's impossible to get a complete understanding of what makes your site tick and your customers click. Without that complete understanding, those fine points and little nuances that create competitive differentiation are lost on everyone.

Illustrating the Challenge

When e-commerce pioneer Amazon realized just how big a cart abandonment problem it faced, the retailer wasted no time digging into the data to find out precisely where customers were dropping potential transactions. It learned that its multi-step, several-page checkout process was too cumbersome, which led to an incredible differentiator: one-click checkout. It's a concept that has been copied by several retailers since, and it's illustrative of the transformative power of access to good data. While it might seem the low-hanging fruit of e-commerce differentiation is behind us, there are treasures untold in leveraging what customer behavior data tells you to affect positive site performance change.

The Domo Solution

Every challenge enumerated in this report begins with data—either not having it in one place or not having it in real-time. And while it's true that retailers have no shortage of tools to help them collect and analyze data, what they lack is a solution to bring all those disparate sources of data into a single view.

Until now.

Domo enables you to see siloed data from across your entire retail organization—whether offline or online—in one place, in real time, on any device. How, you ask? Domo connects directly to your data wherever it lives, then transforms it into a personalized, cloud-based dashboard that's easy to consume and delightful to use.

Domo's unique solution is built to answer retailers' growing data needs, and retailers who use Domo are seeing remarkable results. To discover how Domo can improve your operations, request a demo at **www.domo.com** today.