

Consumer-To-Business Retailing:

The New Imperative For Omnichannel Success

Omnichannel is changing the face of retailing in today's increasingly consumer-driven marketplace: Consumers are seeking personalized interactions across their preferred digital channels. Traditional business-to-consumer retailing practices are fading, retailers' initial approaches to cross-channel are maturing — and the consumer-to-business (C2B) retail model is surfacing as the next essential standard. In fact, as consumers increasingly take control of their relationships with retailers, C2B is defining a new way of doing business for today's omnichannel merchants.

The transition from product to consumer orientation is one of the most significant shifts taking place within the retail enterprise, and quickly is differentiating "Retail Winners" from other omnichannel merchants.

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transforming their organizations into customer-focused businesses," said Nikki Baird, Managing Partner of RSR. "They consider product sales a result of the relationships they have with customers, as opposed to seeing relationships as the outcome of selling customers products that they like." Baird shared these comments during a September 2012 webinar hosted by Retail TouchPoints, titled: *Conquering The Omnichannel Arena*.

Implementing the C2B model and uniting the consumer experience across channels entails an interesting, trending mix of challenges, goals and wins.

Getting Reacquainted With Consumer Data

Historical, siloed data warehouses — containing information about past purchases, loyalty card sign-ups, online registrations and other previous consumer behaviors — typically are too outdated to support today's break-through C2B-facing business model. As NCR discussed in the recent webinar, today's retailers must embrace converged retailing, or NCR's c-tailing™, in order to execute new ways to interact with consumers and analyze shopping behaviors. Today's successful c-tailers (converged retailers) will keep that data relevant within a fast-moving omnichannel world.

New c-tailing technology solutions are paving the way for retailers to accomplish these goals. These tools allow retailers to get reacquainted and more personal with consumers by listening and responding seamlessly across their preferred channels. New technologies enable retailers to distinguish consumers' needs and wants, as well as their all-important presence — the core of the omnichannel experience.

For example, based on historical and profile data, Retailer A can segment Consumer #1 into a specific consumer population. But does Retailer A really understand how Consumer #1 shops? Is she a mobile, e-Commerce, social commerce and/or store-only shopper? Does she prefer to communicate via email, mobile or direct mail? Does

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she shop different departments at different retailers? By asking about and responding to her preferences, including where, when and how she actually shops, Retailer A allows Consumer #1 to drive her own retail experience across the channels of her choice.

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Notably, even retailers with limited marketing budgets can actuate a successful converged retail vision, such as one that delivers consistent messaging and effective promotional activity across touch points.

“Some retailers have very restricted point-of-sale and e-Commerce marketing capabilities, but by personalizing promotions consistently for both in-store and online experiences, they've enhanced their loyalty programs significantly,” stated Adam Rausch, Solution Director, Converged Marketing, NCR. During the webinar,

Rausch pointed to “larger baskets based simply on asking questions and giving consumers more control over their shopping experiences.” Rausch shared a case study in which a Fortune 500 U.S. retailer with limited marketing and a disconnect between store and web “gained 44 million enrolled loyalty members, each with an average basket 40% larger than those of non-members,” he said, “simply by driving more relevant and consistent information across those channels.”

Increased loyalty is one of many omnichannel goals. When asked to select their most important goal in the quest to become a better omnichannel retailer, participants in the webinar indicated the following:

1. Personalize brand offering for individual consumers (39%);
2. Facilitate buy anywhere/ pick up or deliver anywhere (24%);
3. Provide a single brand identity across channels (18%);
4. Develop a large cross-channel customer base (12%); and
5. Localize inventory based on customer demographics (6%)

Underscoring the trend to C2B, the majority of respondents (69%) focused more on consumer preference and presence — including personalized brands, buy/pick up anywhere and localized inventory — than on product/operational issues.

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Further demonstrating merchants’ shift from product orientation to the consumer, an RSR report titled: *Omni-Channel 2012: Cross-Channel Comes Of Age*, published in June 2012, revealed that Retail Winners saw customer-centered (consumer) opportunities as “very important,” while other retailers gave this same high rating to product-related objectives.

Consumer-focused goals position marketers as the leaders in their companies’ transitions to the new C2B imperative. In fact, “Retail Winners look to their marketers to drive cross-channel strategies, because marketers have the best understanding of customers,” reported Baird, insights that are “most important for determining the next priority.”

Barriers To Achieving Omnichannel Success

The transition from product-centered retailing, like any other paradigm shift, presents challenges. One significant challenge can be lack of C-level support.

But unlike years past when executive approval could have been the primary obstacle to technological advancement, only 16% of webinar attendees flagged C-level buy-in as the greatest barrier to omnichannel strategy fulfillment. In fact, of the four issues put forward as likely blockades, executive support was identified as the least inhibiting.

Budget was second least, with just 24% of participants flagging it as their major barrier. Data collection and analysis (30%) and technology constraints (30%) topped the list of organizational inhibitors.

“These are two very closely related issues,” observed Baird. “If you’re not collecting the right data to begin with, then technology probably is the constraining factor in getting better information to address your challenges and goals.”

The June 2012 RSR report also asked retailers about the primary inhibitors to achieving omnichannel success. The top three obstacles identified by Retail Winners as “very important” to overcome were directly related to the consumer, while their peers saw a product/ organization issue as the most important obstacle.

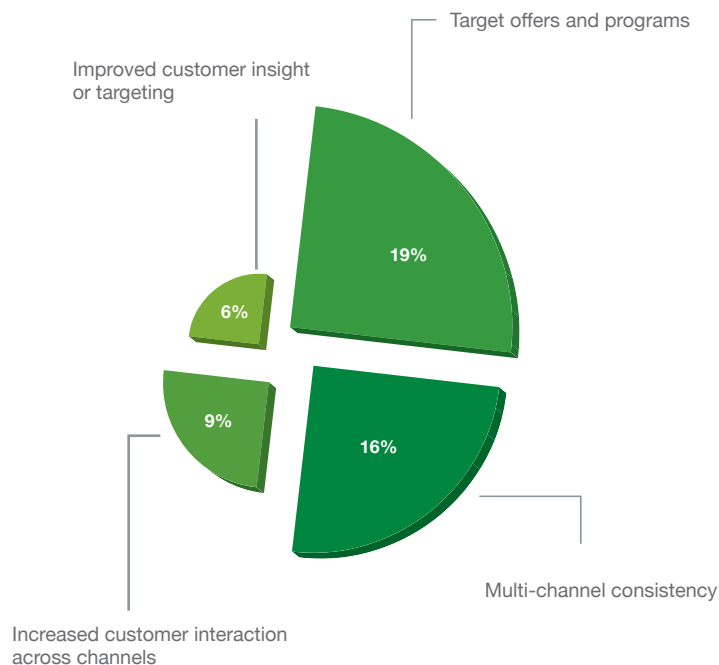
The top four greatest barriers considered by retailers as “very important” to overcome for omnichannel success were:

Barrier	Retail Winners	Others	Primary Focus
Consolidating Customer Data Across Channels	89%	77%	Customer
Gaining Better Insight Into Cross-Channel Customer Behavior	78%	64%	Customer
Gaining Better Insight Into Cross-Channel Customer Behavior Replacing E-Commerce Systems With Modern Technology	67%	41%	Customer
Integrate Inventory and Order Management Across Channels	61%	77%	Product

Source: Retail Systems Research (RSR), June 2012

C-Tailing's Biggest Wins

If all consumer touch points were integrated across an omnichannel structure, what would retailers classify as the greatest reward? Of the possible wins presented to webinar participants, targeted offers and programs (19%), multi-channel consistency (16%), increased customer interaction across channels (9%), and improved customer insight or targeting (6%) were highly valued.



The other half of the digital audience collectively noted improved consumer satisfaction and loyalty as the biggest omnichannel win — clearly indicating that addressing consumers' needs is taking center stage in today's changing, consumer-driven retail environment. As consumers increasingly drive the consumer-to-business-facing business model, retailers who listen to consumers and then gather and converge previously siloed data across all their touch points will win this satisfaction and loyalty.

The Next Steps

Consumer expectations, paths to purchase and available technologies are changing. Retailers must change, too. To successfully evolve into a winning C2B C-tailer, a merchant first must establish better connections with consumers in terms of how, when and where they prefer to interact, which paths of purchase they frequent most, and how their evolving touch points will drive the next retail priority. Tomorrow's Retail Winners will be those defining their omnichannel roadmaps according to consumers' fast-moving directions. They will be committed to personalizing and converging their C2B strategies across channels as their new imperative for omnichannel success.