



Playbook

# Optimizing Retail Through Intelligent Omnichannel Decisioning

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## Is this report for me?

Dive into “Optimizing Retail through Intelligent Omnichannel Decisioning” for insights on transforming retail operations. This playbook is designed for retailers focused on:

- Enhancing the customer journey with an Order Management System (OMS) that efficiently manages browsing, searching, ordering, and returns.
- Streamlining supply chain operations with intelligent strategies for curbside pickup and other omnichannel fulfillment methods.
- Leveraging advanced analytics to make informed decisions, optimize inventory, and improve operational efficiency.



You will find this report especially valuable if you are focused on one or more of the following:

- Keen on exploring the transformative power of intelligent omnichannel decisioning and advanced OMS to create a seamless retail experience and boost operational efficiency.
- Integrating OMS as the central hub of your supply chain, ensuring seamless communication and coordination across all facets of the omnichannel journey.
- Elevating your retail operations by optimizing inventory visibility, enhancing order processing, and effectively managing the entire customer journey to meet high expectations.

Let's dive in.





# Managing Supply Chain Complexities and Achieving Operational Precision are Essential for Retailers in the Omnichannel Landscape



## Complex Supply Chains

Managing multiple distribution centers, stores, and various fulfillment methods, such as curbside pickup, has become increasingly challenging. Varied customer behavior and fragmented supply chains further complicate order orchestration. Additionally, rising return rates and inflexible technology leave retailers with costly, inefficient processes and no single view of inventory.

## High Customer Expectations

When they shop online, customers expect quick, flawless service. Meeting these expectations requires an integrated system for accurate inventory visibility and efficient order processing. However, most technology lacks network-wide real-time visibility and dynamic fulfillment, causing inconsistent availability information, canceled or delayed orders, and customer frustration.

## Operational Precision

Operational efficiency is critical to avoid overselling and stockouts, which can harm both profitability and customer satisfaction. Ensuring precise and optimized inventory levels is essential for maintaining performance and service quality. Retailers need to balance cost and speed to meet growing customer demands while maintaining profitability.



## CHALLENGES

# Retailers Face Significant Challenges in their Omnichannel Decisioning Process, Including Poor Strategic Execution and Inefficient Returns Management



## Fragmented Systems

Many retailers use separate systems for managing online and in-store orders, leading to inefficiencies and a lack of coordination. Without real-time inventory visibility, these fragmented systems often result in over-promising or under-delivering, damaging trust and satisfaction.

## Execution Flaws

Current OMS primarily focuses on order execution, neglecting strategic planning. This myopic approach often ignores factors such as profitability and optimal inventory allocation, leading to suboptimal fulfillment processes that increase costs and reduce efficiency. The lack of real-time updates and decision-making capabilities worsens these issues, affecting the overall shopping experience.

## Manual Returns Management

Managing returns manually is time-consuming and costly, causing delays that lead to disposing of stock markdowns rather than reselling them at full price. Inefficient return processes result in high operational costs and frustrated customers. Today's customers expect easy and convenient return options, often demanding free returns. Without suitable technology, managing free returns becomes too expensive for retailers.



# Intelligent Omnichannel Decisioning Streamlines the Shopping Journey, Enhances Inventory Transparency, and Adapts to Market Demands



## Holistic Omnichannel Management

Intelligent omnichannel decisioning represents a paradigm shift in managing the entire shopping journey, from browsing and searching to order placement, fulfillment, and returns. By focusing on every step of the process, retailers can ensure seamless operations and high customer satisfaction.

## Enhanced Inventory Transparency

This approach leverages real-time inventory exposure at both local and network levels, ensuring precision. Advanced technologies such as Artificial Intelligence (AI) and the Internet of Things (IoT) enable smarter, faster, and more accurate decisions, transforming traditional order management into a more transparent and efficient system.

## Dynamic Fulfillment Strategies

Intelligent omnichannel decisioning optimizes fulfillment processes by emphasizing adaptability and accuracy. By integrating advanced technologies and strategic insights, retailers can dynamically adjust to changing demands and operational conditions, improving overall process efficiency.

# Framework for Intelligent Omnichannel Decisioning Excellence in Retail

As retailers navigate modern supply chain complexities, they require more than insights; they need a concrete strategy for intelligent omnichannel decisioning supported by an advanced OMS.

Our framework provides a step-by-step approach to leverage intelligent decisioning in retail, helping retailers to overcome challenges and thrive in a competitive market.

It includes six key components that enhance inventory visibility, streamline order processing, and improve returns management. This ensures efficiency, boosts customer satisfaction, and increases profitability, effectively presenting a coherent approach to employing intelligent omnichannel decisioning in retail initiatives.



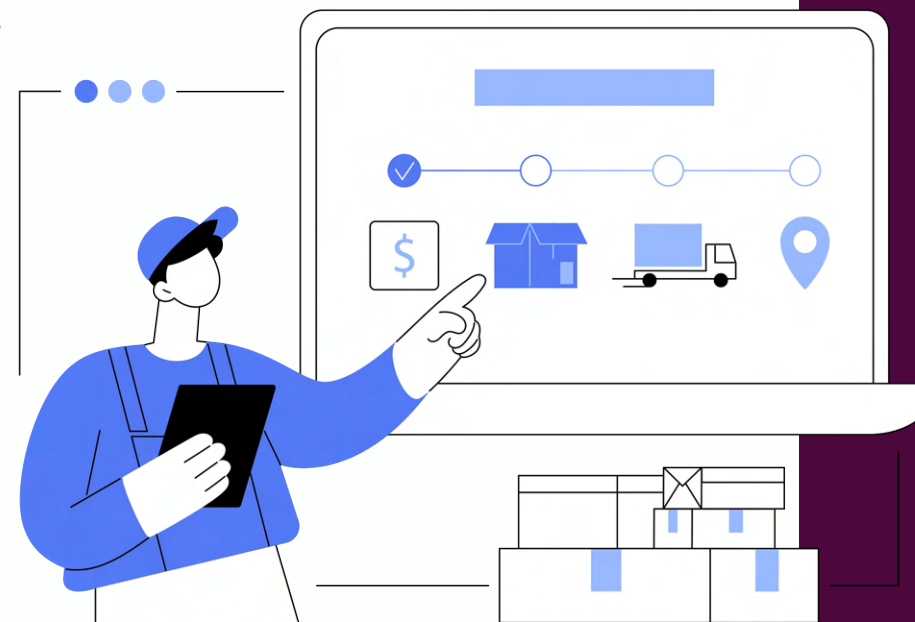


# Boost Accuracy and Trust with Immediate Inventory Insights

Retailers struggle with inventory accuracy, causing oversells, undersells, and customer disappointment. Inaccurate data hampers delivery promises, leading to cart abandonment. Managing safety stock levels to meet demand fluctuations and supply chain variations is also challenging. These issues impact customer trust and operational efficiency.

**67%** of consumers indicate that inventory visibility across stores, online and mobile, is an important service for retailers to offer.

enVista



## Achieve Accurate Inventory levels

Use real-time tracking systems to ensure accurate, up-to-date inventory levels across all channels, including returned stocks. Know exactly what is available, reserved, or off the shelf to avoid oversells, prevent customer disappointment, and enhance trust.

## Ensure Instant Inventory Promising

Provide reliable delivery promises based on real-time inventory availability. Utilize advanced real-time tracking down to the millisecond to ensure customers receive accurate information and timely deliveries, significantly reducing cart abandonment.

## Optimize Safety Stock Management

Autonomously adjust safety stock levels using machine learning algorithms. Maintain inventory accuracy and availability by dynamically managing safety stock to respond to demand fluctuations and supply chain variations, ensuring optimal stock levels at all times.

# Optimize Operations and Reduce Costs with Dynamic Fulfillment

Fulfilling orders amidst complex integration across products, stores, and partners requires a thorough understanding of capacity at every level. Continuously optimizing strategies is essential for reducing costs and enhancing efficiency. Addressing these issues is vital for seamless and cost-effective operations.

For online retailers, the average cost of fulfilling an order typically amounts to **70%** of the average order value.

Radial



## Manage Fulfillment Capacity Effectively

Balance and adjust fulfillment capacities by understanding the capacity at each location, including inventory levels, personnel, and transportation capabilities. Ensure fulfillment centers have the optimal resources to fulfill orders on time and in full.

## Implement Integrated Fulfillment Services

Coordinate the fulfillment of products and services with external providers for installations and other extended services. This includes overseeing deliveries and after-sales support from external partners to ensure a cohesive and high-quality customer experience.

## Optimize Fulfillment Strategies Dynamically

Continuously refine fulfillment strategies using real-time data to reduce costs and improve efficiency. Proactively adjust plans to respond to demand and operational conditions changes, leveraging data-driven insights to ensure optimal performance and responsiveness.



# Maximize Profits with Intelligent and Transparent Sourcing Decisions

Balancing cost, speed, and customer satisfaction in sourcing is challenging. Intelligent simulations optimize sourcing scenarios, and adapting rules to changing needs ensures efficiency. Transparent fulfillment decisions are essential for maintaining customer trust. Addressing these challenges maximizes profitability and streamlines operations.

Failure to expedite shipping is eating into retailers' revenues, as **56%** of all abandoned carts were shipping/fulfillment-related.

X Delivery



## Utilize Fulfillment Sourcing Simulation

Predict the best sourcing scenarios to optimize cost, speed, and customer satisfaction. Create what-if scenarios based on factors based on business needs to evaluate sourcing options. Plan effectively before execution to choose the most efficient sourcing paths.

## Adapt Dynamic Sourcing Rules

Develop flexible sourcing rules that adjust to operational needs, such as fluctuating demand and changing supplier capabilities. Ensure sourcing strategies can quickly respond to these conditions, maintaining efficiency and effectiveness in a constantly evolving market.

## Ensure Transparent Fulfillment Decisions

Utilize advanced techniques to make fulfillment decisions transparent and explainable. Provide insights into why decisions were made and their effectiveness. Allow businesses to evaluate and adjust rules for continuous improvement.



# Enhance Customer Delight with Streamlined Returns Management

Automating returns processes reduces costs and maximizes stock resale but requires data-driven decisioning. Seamless return initiation boosts customer satisfaction, but optimizing reverse logistics is crucial. Managing returns' financial and operational impact requires continuous analysis and strategy adjustment.

**92%** of consumers say they would repurchase if the returns process is easy, and **79%** want free return shipping.

Invesp



## Automate and Orchestrate Return Processing

Streamline and automate return processes to improve efficiency and reduce costs. Use automation for quick, accurate handling and smart return routing to direct items to the optimal location for processing, reducing shipping costs and ensuring faster customer refunds.

## Initiate and Manage Returns Seamlessly

Provide customers with easy and convenient return initiation options. Ensure the returns process is seamless from start to finish, covering every step from initial request to final resolution, enhancing the overall customer experience and satisfaction.

## Use Revenue Recovery Tools and Analyze Impact

Employ revenue recovery tools to identify and recover potential revenue from returns through refurbishing, reselling, or recycling. Evaluate returns' financial and operational impact to optimize processes and policies, ensuring continuous improvement and efficiency.



# Elevate Environmental Responsibility and Efficiency with Sustainable Practices

Balancing eco-friendly sourcing with cost-effectiveness is tricky. Optimizing fulfillment routes and using green vehicles reduce environmental impact but are hard to manage. Lifecycle impact assessments need ongoing analysis. Addressing these issues boosts environmental responsibility and achieves sustainable fulfillment.

**35%** of brands are investing in long-term sustainability goals, and **41%** are taking steps to be more transparent about their sustainability vision.

Shopify



## Implement Sustainable Sourcing Strategies

Make cost-effective, environmentally friendly sourcing decisions. Choose suppliers and materials that prioritize sustainability without compromising quality or price. Calculate and monitor transportation emissions and optimize routing and mode mix to reduce emissions.

## Adopt Eco-Friendly Fulfillment Routes

Optimize fulfillment routes to reduce environmental impact. Use green vehicles and efficient routing to minimize carbon footprints. Incorporate eco-friendly packaging and shipping methods. Reduce return shipping miles and restock, repair, or sell items on a marketplace rather than disposing of them.

## Conduct Lifecycle Impact Assessments

Assess the environmental impact of fulfillment operations from sourcing to returns for continuous improvement. Regularly evaluate and refine practices to ensure eco-friendliness. Calculate waste emissions, track energy use, and leverage dashboards to reduce carbon footprint.

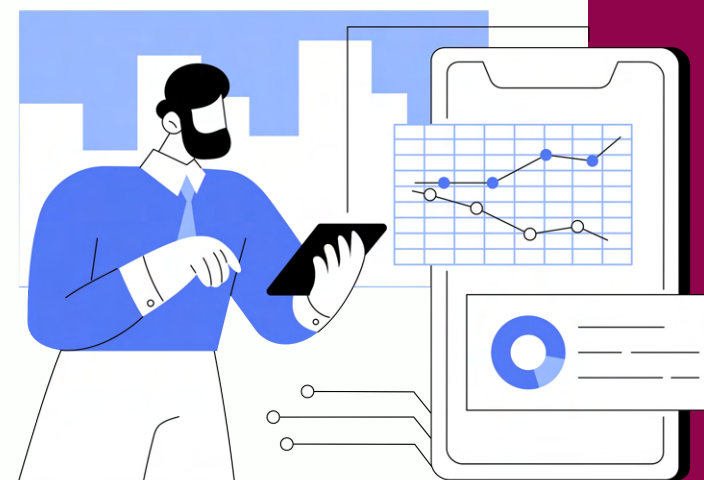


# Transform Supply Chain Flexibility and Measurability with Advanced Technology

Intelligent omnichannel decision-making requires sophisticated AI tools, comprehensive data analytics, and a unified data source. Seamless integration of these technologies is essential for maintaining efficiency and staying ahead in a complex market. Carefully planning the integration of new functionalities with existing systems helps avoid operational disruptions.

**58%** of retailers plan to utilize customer data analytics to better predict and manage demand for making inventory decisions, and **57%** intend to use these analytics for making real-time recommendations to customers.

BDO Retail CFO Outlook Survey (2023)



## Gain Flexibility with Composable Architecture

Enhance flexibility and scalability by adopting a microservices approach. This method allows for the seamless integration of new functionalities on top of existing systems, minimizing disruptions and eliminating the need for a complete platform overhaul.

## Implement a Unified Data Solution

Establish a single source of truth for all order and fulfillment data. Ensure data accessibility across the distribution network to enhance coordination and efficiency. Integrate solutions to provide a cohesive view of operations, facilitating better strategic planning and execution across your orders.

## Utilize AI-Driven Insights and Analytics

Leverage advanced AI tools to analyze data, identify trends, and predict outcomes for better decision-making. Implement real-time analytics to enhance strategic planning and respond swiftly to market changes. Track performance continuously for ongoing improvement.

# Get Ahead with Intelligent Omnichannel Decisioning to Boost Efficiency and Delight Customers in the Future of Retail

Retail transformation is evolving to meet modern supply chain complexities and consumer demands. This shift goes beyond upgrading technology, emphasizing quick adaptation, deep consumer insights, and personalized retail experiences.

Manage supply chain operations efficiently to boost customer satisfaction and profitability. This is a strategic shift towards a more agile, data-driven, and customer-focused retail model.

Use intelligent omnichannel decisioning to enhance customer engagement and streamline operations. Apply advanced analytics for real-time inventory optimization and develop strategies to thrive in today's fast-changing retail landscape.

Transform your retail operations today.



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Blue Yonder is the world leader in digital supply chain transformation. Global retailers, manufacturers and logistics providers leverage Blue Yonder to optimize their supply chains from planning through fulfillment, delivery and returns. Blue Yonder's AI-embedded, interoperable supply chain solutions are connected end-to-end via a unified platform and data cloud, enabling businesses to collaborate in real time across functions, which supports more agile decision-making, improved customer satisfaction, profitable growth, and more resilient, sustainable supply chains.

If you would like to learn more, visit [blueyonder.com](https://www.blueyonder.com).