Building a Business Case: Why Order Management is Critical to a Unified Commerce Strategy
Introduction: Instant Gratification Is Expected

Your customers expect instant gratification in their daily life. Think of the customer who starts her day scrolling through email, perusing sales, and catching up on her Instagram and Facebook feeds. Next, she orders her favorite latte from the Starbucks app to easily grab and go. While enjoying her latte, she browses your site on her phone and purchases an item she’s been waiting to go on sale – but instead of waiting for it to arrive, she picks same-day shipping so she can have it tomorrow. After finishing up her workday, she orders takeout to pick up on her way home, and scopes out a nearby store where she can exchange an item she had bought online for a different size.

Customer satisfaction is all about connecting the dots to keep her moving seamlessly between digital and physical worlds. How can brands keep up with these evolving expectations? A unified commerce strategy that has integrated order management – with technology that works hard behind the scenes to give her the options that work best for her daily life, whether it’s ship-to-store, reliable in-stock inventory, easy returns and exchanges, and more. It’s the ultimate instant gratification.
What Is Unified Commerce?

There’s a lot of confusion related to terms like *omni-channel* and *unified commerce*. Let’s break it down.

Omni-channel is what consumers experience when they interact with a brand across physical and digital touchpoints (store, ecommerce, customer service, and mobile). Even though most brands are present in multiple channels, it’s not enough – your customer must be able to move between them as if through a single channel.

Unified commerce draws on a single, consistent view of shoppers, inventory, orders, catalog, product, and pricing data – shared across stores, ecommerce, and order management – to fulfill the effortless shopping expectations of your customer.

**Great Expectations**

A recent worldwide study of retailers shows that more than two-thirds expect to improve margin, brand value, and revenue performance by more than 10% by moving to a unified commerce platform that supports an omni-channel experience.¹

<table>
<thead>
<tr>
<th>OMNI-CHANNEL PROGRAMS WILL IMPROVE PERFORMANCE</th>
<th>% RETAILERS WHO AGREE</th>
</tr>
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<tbody>
<tr>
<td>Operational Efficiency</td>
<td>71%</td>
</tr>
<tr>
<td>Inventory Turn</td>
<td>65%</td>
</tr>
<tr>
<td>Out-of-stock</td>
<td>60%</td>
</tr>
<tr>
<td>Returns</td>
<td>53%</td>
</tr>
<tr>
<td>Average Order Value</td>
<td>67%</td>
</tr>
<tr>
<td>Conversion Rate</td>
<td>63%</td>
</tr>
<tr>
<td>Promotional Redemption</td>
<td>61%</td>
</tr>
<tr>
<td>Total Customer Value</td>
<td>68%</td>
</tr>
<tr>
<td>Net Promoter Score</td>
<td>54%</td>
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</tbody>
</table>

The Role of Order Management in Unified Commerce

In humans, the central nervous system integrates information it receives from the brain and body, and then coordinates and influences the activity of all the required parts. In unified commerce, order management plays the role of the central nervous system by exposing and centralizing a view of all inventory — and then connecting available inventory to shoppers.

Transforming your business into a true unified commerce experience for your customer takes an effective order management approach to back it all up. But there’s a disconnect: 86% of retailers say they need a unified commerce customer platform, and 52% of ecommerce professionals ranked unified commerce as a top investment priority — but only 17% said the same about order management capabilities.²

Why the disparity? Experts give two reasons:

- Retailers underestimate the role of order management and its function in driving significant revenue increases.
- Retailers don’t understand the benefits of order management to power unified commerce, such as creating minimum thresholds for products in-store, the ability to turn stores into fulfillment centers, and activating omni-channel services.

Gaps in the Unified Commerce Channel

In a recent survey³, nearly half of the retailers have yet to implement:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>52%</td>
<td>Order Visibility Across Channels</td>
</tr>
<tr>
<td>47%</td>
<td>Buy Anywhere, Ship Anywhere</td>
</tr>
<tr>
<td>47%</td>
<td>Buy Online, Ship From Store</td>
</tr>
</tbody>
</table>

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³ “POS/Customer Engagement Benchmarking Survey” BRP, October 2015.
The Three Tenets of Order Management

How to Deliver on Instant Gratification

1. The Path to Purchase: Buy Anywhere
Order management supports financial processes such as invoicing, taxation, split authorization, and payment processor integration. Many orders are not a matter of simply clicking the “buy” button and shipping the product. Having a central system allows shoppers to buy online, on the phone, or in the store.

With order management, you can easily handle complex processes to make the buying process move quicker. In fact, your customers expect it, asking questions like:

- Is the product I want available for store pickup today?
- Can I apply a new discount to an item that’s already in my online cart?
- Is the product I want in stock?
- Can someone in customer service help me place my order?

2. After the Buy Button: Fulfill Anywhere
By activating inventory in stores, with drop-ship vendors, and in warehouses, order management ensures your customer gets the product they want. Creating a click-and-collect program ensures they can get a product how they want it, too. That way you can meet common customer demands, such as:

- Can I pick up this item at my local store?
- Can I get this shipped to me in less than a day?
- Will they have my size in stock?

Order management automatically evaluates fulfillment options and determines how you can set up your distribution so product makes it to your customer as soon as possible – instead of spending several days in a storeroom or in transit over long distances.

With ship-from-store programs, you can offer shoppers more options online, benefit from increased productivity from your store associates, deliver faster shipping times, and reduce markdowns.
Service Anywhere: Personalized Interactions Based on History and Context

Today’s shoppers are well-accustomed to being able to move seamlessly along their journeys across whichever channels are most convenient. Customers expect the associate on the phone to know they purchased a dress online last week, but that when they tried to exchange it in a local store they received much less than the purchase price. It doesn’t matter to the customer that she purchased over multiple channels – in her eyes, it is a single store.

Retailers need customer service tools that enable order history visibility and capabilities for returns, swaps, exchanges, and more, answering customer questions such as:

- What’s the status of my order?
- Can you recommend stores and pick-up options close to my house?
- Can you help me change my order?
- How do I exchange an item for another size?
- Do I need to enter my contact details ... again?

The remainder of this guide will examine the role of order management in a unified commerce strategy, focusing on the benefits of an integrated order management approach and highlighting what sets it apart from just another order management product. We’ll outline the questions to ask yourself, your business, and your stakeholders to develop a business case.
Integrated Order Management: Buy, Fulfill, and Service Anywhere

Integrated order management should be tightly coupled with ecommerce to lead to a true unified commerce experience.

Knowing the features to look for when selecting the right order management strategy is important. You’ll want to keep the customer experience top of mind and evaluate the features a unified commerce offering provides your customers at each stage of their journey. Make sure any order management approach you are considering has these cloud-based features:

- **A powerful allocation engine that determines the best location to fulfill an order based on built-in logic and rule priorities set by you**
  Your customers are going to be the happiest if you can fulfill their order in the fastest way possible for the least amount of money. Integrated order management can help you offer the best delivery option for each customer, and help your business by choosing the best fulfillment paths.

- **Seamless customer service over multiple channels**
  Accessing a single view of the customer means your associates can see purchase history over all channels and more accurately tailor interactions and recommendations. If a customer has previously had a complaint or return, the associate who helps them when they return in-store is immediately aware of the situation and can provide appropriate support.

- **Accurate inventory orders, pricing, and promotions from the ecommerce platform and store associates**
  By combining both online and in-store into a single integrated channel, a unified commerce approach can give you a holistic view of inventory, pricing, and promotions. Since some items sell better on a specific channel, you can also use this information to determine what products to sell online only and which to sell only in-store.
- **Out-of-the-box integrations and real-time data exchange across ecommerce, and order management**
  Your ecommerce platform needs to communicate with other tools to share data and information. When you use order management with out-of-the-box integrations, your primary ecommerce tools will quickly provide a single view of all customers and products.

- **Access to continuous feature releases that are aligned across products**
  With integrated order management, new releases for your systems are automatically delivered at the same time. And since new releases are previously tested, you’ll reduce (and hopefully eliminate) the number of hiccups encountered once live.

- **Open APIs to connect to critical retail operations (WMS, ERPs, carriers, POS)**
  An integrated order management offering can share data feeds – exposing critical order, return, and inventory data into ecommerce and other related systems.

### INTEGRATED VS. THIRD-PARTY ORDER MANAGEMENT

<table>
<thead>
<tr>
<th>FEATURE, FUNCTION, OR CAPABILITY</th>
<th>THIRD-PARTY ORDER MANAGEMENT</th>
<th>INTEGRATED ORDER MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enables omni-channel use cases</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Available as a standalone offering</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Enables unified commerce</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Order data is shared in real time with ecommerce</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Ability to develop and customize with the same methodology used for ecommerce</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Natively shared pricing, promotion, order, inventory, and customer data</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Consistent tax calculation across ecommerce and order management</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Visibility into customizations through ecommerce</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Seamless upgrades on a shared schedule with ecommerce</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
Assess Your Current State of Order Management

How do you go about selecting the right order management approach for your needs and integrating the tool? There is no one-size-fits-all approach for using order management. Instead, your strategy must be created with your specific brand, customers, and goals in mind.

Answer the following questions to begin to determine what direction to head in:

- Do I want to increase overall growth or specific segments?
- What is the biggest challenge impeding my brand’s growth?
- What are the most common customer complaints in-store and online?
- What are the most common inventory challenges?
- How can I improve the customer experience to make it seamless across all channels?

Take Stock of Your Current Order Lifecycle

Your customers expect you to communicate with them through each phase of their journey. Check off all the channels in the chart that you are currently using to communicate, as well as all distribution channels.

Then circle all the channels you left blank – these are your points of potential disconnect where the customer experience is interrupted. Each time the customer's journey is halted – either because a question is unanswered or a communication channel isn't supported – customers become frustrated. This is even more true when the disconnect happens while trying to receive the merchandise they want to purchase.

To deliver a truly unified experience, you must be able to confidently check off all the boxes in the chart. If you have a number of gaps, you are not alone. Nearly half of retailers surveyed in 2016 have not yet implemented one or more of the following capabilities: order visibility across channels, buy-anywhere-ship-anywhere, buy-online-ship-from-store, or buy-anywhere-shop-anywhere.⁴

ORDER LIFECYCLE BY CHANNEL

<table>
<thead>
<tr>
<th>BUY</th>
<th>FULFILL</th>
<th>SERVICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online/social</td>
<td>Ship from/return to warehouse</td>
<td>Online</td>
</tr>
<tr>
<td>In-store</td>
<td>Ship from/return to store</td>
<td>In-store</td>
</tr>
<tr>
<td>Customer service</td>
<td>Pick up from store</td>
<td>Customer service</td>
</tr>
<tr>
<td>Partner</td>
<td>Ship from vendor</td>
<td></td>
</tr>
</tbody>
</table>

⁴ 2016 Connected Shoppers Report, Salesforce.
Build the Business Case for Your Organization

You’ve decided that an integrated order management approach is the right fit for your business. Here are the steps you can take to prove your case.

**Identify Top Line Benefits**
With an integrated order management approach, you can gain tangible benefits to your top line:

- Average order value increases with buy-online-pickup-in-store (click-and-collect) orders.
- Repeat buyers are proven to spend more.
- Happy customers become brand advocates and help grow the shopper base.
- Omni-channel programs become a marketing advantage.

**Identify Bottom Line Benefits**
Order Management can help grow profits, but it also impacts the bottom line with cost-saving processes:

- Selling in-store inventory online reduces markdowns.
- Reduced cost of goods sold with ship-from-store programs.
- “Servicing anywhere” minimizes costs to your call center.
- Click-and-collect programs eliminate “final mile” shipping costs.

**Align Stakeholders and Identify Shared Goals**
Departments in retail organizations must collaborate to increase revenue and customer satisfaction. Integrating order management into your business impacts every part of the company and should be approached with departmental alignment. The key to aligning stakeholders and getting buy-in is to present the benefits of an integrated order management strategy to each department.
Talk to each of these teams and ask about their goals. Then discuss how integrated order management can help achieve these goals.

**IT Team**

**Key goals:** Move legacy systems to the cloud and consolidate vendors.

**How integrated order management can help:** It’s cloud-based and works seamlessly with ecommerce systems to reduce the need for additional vendors. IT departments can focus more on innovation and spend less time worrying about platform security and uptime.

**Store Operations**

**Key goals:** Increase sales and keep associates productive.

**How integrated order management can help:** It can activate inventory across all channels, giving associates more information about available inventory and location so that each customer gets exactly what they want. Click-and-collect options drive increased AOV by bringing online shoppers into the store. Bonus: Store associates can stay productive by shipping online orders during quiet periods in the store.

**Ecommerce/Digital Team**

**Key goal:** Produce a unified commerce experience for the customer.

**How integrated order management can help:** It allows ecommerce and stores to better align and gain a single view of the customer, inventory, order, and pricing data. Activating inventory from all stores also reduces out-of-stock situations.

**Customer Service Team**

**Key goals:** Create a world-class customer service organization and empower customer service teams to provide the best service possible to shoppers.

**How integrated order management can help:** Provides a single profile for each customer so that customer service team members can decrease call times, reduce complexities, and ensure they always have real-time and accurate information. “Order on behalf of” features enable customer service reps to always save the sale when a shopper has a problem or question about their online shopping cart.

**Supply Chain/Ops Team**

**Key goals:** Decrease cost of goods sold and implement intelligent allocation.

**How integrated order management can help:** Make every store a distribution center, reducing the cost of shipping. Integrated order management also increases inventory turn, making unique sizes that might not get sold available for online purchase instead of sitting on the shelves.
Create Your Roadmap

Use this roadmap to add integrated order management to your business that supports your unified commerce strategy.

ASSESS your “buy, fulfill, and service anywhere” capabilities using the tools in this guide.
How do you stack up against your omni-channel promises?

COLLECT priorities from key stakeholders across ecommerce, operations, store management, and customer service.
Ensure new order management programs align with cross-company goals. Use this guide to align needs for your organization.

BENCHMARK current metrics.
Capture “before” KPIs: inventory turn, customer satisfaction, order processing cycle time, inventory accuracy, carrying cost of inventory, and inventory turnover.

ALIGN business goals.
Leverage some of the information included in the stakeholder section of this report to spark conversation.

DEVELOP a roadmap for unified commerce initiatives.
Factor in seasonality, new stores, and training lead time. Evaluate order management offerings and how quickly you can deploy them.

IMPLEMENT any necessary new software or process enhancements to support new unified or omni-channel initiatives.
New products necessitate training and re-tooling processes. Many vendors and system integrators offer consultative services to help optimize these processes.

TRAIN teams on new software.
Products are only as good as the users’ abilities to work with them. Make sure your teams are trained fully before launching or publicizing new omni-channel offerings.

PILOT one store or one program at a time.
Don’t try everything at once! Start slow, and collect learnings from a pilot program before expanding it to new stores, regions, products, or audiences.

MEASURE the success of new programs against benchmarks.
Keep tabs on what’s working and how long it takes to see ROI in your omni-channel programs.

Ready to give your customers the instant gratification they expect? Check out Commerce Cloud Order Management, which is a 100% cloud-based offering and deeply integrated with Commerce Cloud Digital out of the box.