

# THE NEW ONLINE SHOPPER

10 ESSENTIAL ECOMMERCE STRATEGIES FOR  
RETAILERS IN 2016



## MESSAGE FROM THE COO

For manufacturers and retailers, the Internet is connecting customers to products in new, powerful ways. Amazon has proven that customers like convenience and rapid delivery, and customer expectations are driven higher.

Big retailers like Best Buy, Home Depot, Target, and Dick's enable shoppers to see local inventories before getting in the car. Buying online and picking up in a store just a few hours later is something almost half of online shoppers in the U.S. have done in 2015.

For a retailer to remain competitive and fulfill the needs of today's new online shopper, they must have a robust omnichannel strategy in place in the next three years. With enterprise-wide inventory visibility, in-store save the sale capability, anywhere returns and seamless call center processes, you can deliver a superior customer experience to even the most demanding consumer.

Fortunately, we are the perfect partner to help. We've built a unified commerce platform—including eCommerce, order management, and point of sale—that powers our retailers' omnichannel goals. We've fulfilled countless millions of orders from local retailer inventories and helped ensure our clients remain relevant.

This eBook explains 10 eCommerce essentials to meet shopper needs. The world is undoubtedly changing. Be sure you are positioned for the future.

Ed Stevens  
COO  
Kibo Software, Inc.

A handwritten signature in blue ink, consisting of stylized initials 'ES' followed by a long horizontal line.

## 10 ESSENTIAL ECOMMERCE STRATEGIES FOR RETAILERS IN 2016

1. Fulfillment Profitability Management
2. Save the Sale
3. Integrated Inventory Sharing
4. Same-Day In-Store Pickup
5. Ship-From-Store
6. Retail Associate Engagement
7. Rapid Delivery
8. Seamless Customer Care
9. Rapid Deployment
10. Quantify and Benchmark Your Capabilities

Customers have long stopped thinking about (or even understanding) channels. They don't differentiate experience by online, mobile, social, or store — they have a holistic view of the brand and demand a consistent and seamless experience whenever, wherever, and with whomever they interact.<sup>1</sup>

<sup>1</sup>It's Time For Retail Stores To Open Their Doors To The Digital Org,  
Forrester Research, Inc., October 29, 2015



# 1 FULFILLMENT PROFITABILITY MANAGEMENT

IN 2016, RETAILERS WILL  
MAKE OPTIMIZATION  
OF OMNICHANNEL  
FULFILLMENT INITIATIVES A  
HIGH PRIORITY<sup>2</sup>



# 1

## FULFILLMENT PROFITABILITY MANAGEMENT

It's simply not enough to launch omnichannel fulfillment capabilities and consider the project complete. These processes are inherently complex and need close monitoring and adjustment.

Retailers with multiple distribution centers or stores need an enterprise-class order management system to determine their most profitable fulfillment scenarios, whether that be ship-from-store, vendor drop ship, ship from a distribution center or another fulfillment option. A sophisticated order routing engine and accompanying interface allows business users to set up and manage the rules that govern which items and orders get fulfilled from which stocking locations.

Robust order routing controls are critical to maximize inventory and resources, and profitably manage orders with consideration of unique operational limitations for each fulfillment location. These controls provide rules on multiple levels including product, category, location, order attributes, labor costs, inventory age, replenishment costs, and real-time labor availability.

We put fulfillment profitability management at the top of our list for 2016. Addressing this above all else will deliver superior customer

satisfaction, improve in-store efficiencies, improve inventory turnover, and aid in reducing the amount of markdowns as you maximize inventory usage and profitably manage orders.

Even when launching a single omnichannel capability, retailers won't realize the gains without applying best practices in DOM. For example, retailers frequently split ship-from-store orders across multiple locations, or pack products in boxes that are too big. These practices raise shipping costs and increase store labor expenses.<sup>2</sup>

<sup>2</sup> Predictions 2016: The Omnichannel And Mobile Juggernaut, Forrester Research, Inc., November 10, 2015



# 2

## SAVE THE SALE

# 10

10% OF RETAIL STORE SALES  
ARE LOST TO ITEMS BEING  
OUT OF STOCK<sup>3</sup>



# 2 SAVE THE SALE

One of the worst retail experiences for a customer is to be told ‘sorry, out of stock’ when she intends to make a purchase in a store.<sup>3</sup>

Often customers find the product they want in the store, but not in the size or color they need. Today, retailers have clumsy solutions, if any, to help customers buy the right product and get it quickly.

An emerging strategy for 2016 is to optimize “save the sale” capabilities and better serve customers who want to buy products not available in stores. With this in place, supported by an advanced order management system, store associates can quickly view the available inventory from a brand or other retail location and order the item that is out of stock in that store. The order is delivered a few days later directly to the customer’s house—shipped by the brand’s warehouse or another retail store. Kibo’s order management system keeps track of the order and manages payment, logistics, and customer service, if needed.

55% of online adults say they would be likely or very likely, when an item is out of stock in a store, to have that store order them the item on their behalf from the Web and ship it to them.<sup>4</sup>

<sup>3</sup> Drive Incremental Sales With Endless Aisle Capabilities, Forrester Research, Inc., April 7, 2015

<sup>4</sup> It’s Time For Retail Stores To Open Their Doors To The Digital Org, Forrester Research, Inc., October 29, 2015



# 3 INTEGRATED INVENTORY SHARING

30%

NEARLY 30% OF CONSUMERS  
ARE LESS INCLINED TO  
VISIT A STORE IF CURRENT  
IN-STORE PRODUCT  
AVAILABILITY ISN'T  
PROVIDED ON  
THE WEBSITE<sup>5</sup>





# 3 INTEGRATED INVENTORY SHARING

Today's modern shoppers have done their research and know which products they want. But in our increasingly fast-paced world, shoppers do not have time to call around to local stores to see if the item is in stock. They will only take the time to drive to the store if they are confident that the item is there, available to buy.

That is why successful retailers understand the importance of providing local inventory information not only on their website, but also on websites for brands they carry. Retailers can increase visibility across all platforms with APIs that allow them to share their real-time inventory and data feeds directly into brands' websites.

Forward-thinking retailers are already in the process of developing robust APIs that are open, accessible and adaptable. By being open to collaboration and allowing access to inventory data such as location, pricing, availability and much more, these retailers enable their inventory to be easily found where the consumer is researching or shopping.

Retailer-vendor collaboration regarding store-level inventory visibility is an important element in your omnichannel retail strategy,

which is why we made it our third essential eCommerce strategy. With integrated inventory visibility, you can ensure that when the customer is ready to buy, they head into your store.

<sup>5</sup> Kibo 2016 Consumer Trends Report

## 4+ SAME-DAY IN-STORE PICKUP

42%

42% OF U.S. ONLINE ADULTS  
HAVE USED BUY ONLINE,  
PICK UP IN-STORE OR  
RESERVE ONLINE AND PICK  
UP IN-STORE<sup>6</sup>



# 4 SAME-DAY IN-STORE PICKUP

It's astonishing to think about the popularity of in-store pickup. Today's new online shoppers love seeing if inventory is available online, and often they want to simply reserve the product so it is waiting for them at the customer service counter.

There is no real mystery to the in-store pickup phenomenon. Flexibility puts the shopper in control, to pick up their purchase on their schedule. Beyond pure convenience, shoppers have another strong reason to use same-day in-store pickup: no shipping cost.

On the retailer's side, Kibo's own research shows 40% of customers will buy something beyond the pick-up item. Impulse purchases have always been a margin driver for retailers, making in-store pickup a win-win for everyone.

At Kibo, we have seen a transformation in tier one retailers. They are opening their inventories for search, and they are configuring their order management systems to receive in-store pickup orders from brands.

Driven by strong customer demand, same-day pickup is our fourth essential eCommerce strategy for the coming year.

The number one reason for US consumers to use in-store pickup is to avoid shipping costs<sup>6</sup>

<sup>6</sup> It's Time For Retail Stores To Open Their Doors To The Digital Org, Forrester Research, Inc., October





# 5 SHIP-FROM-STORE

FIGHT BACK AGAINST AMAZON  
ON TWO FRONTS: SHIPPING  
COSTS AND DELIVERY TIMES<sup>7</sup>

# 5 SHIP-FROM-STORE

Amazon Prime has changed the way that consumers expect to receive their products: Today's modern shopper wants to receive their items quickly and cheaply (if not free). In order to compete, retailers have begun using their stores, as well as their distribution centers and warehouses, as fulfillment locations.

Called ship-from-store, this competitive omnichannel strategy has many benefits for both the retailer and the consumer. For the multi-channel retailer, ship-from-store fulfillment gets items sitting on store shelves out the door, while simultaneously delivering increased inventory turnover, lowering carrying costs, virtually eliminating out-of-stock online inventory and reducing shipping times and expenses.

For the consumer, ship-from-store delivers a superior shopping experience. With access to inventory at any store location, shoppers have visibility into a broader inventory mix, helping them find the exact product they desire. Because the item is typically coming from a location that is closer to the consumer's home, the shopper receives the item faster and pays lower shipping costs.

Ship-from-store is an important element in a retailer's competitive omnichannel strategy, making it the fifth eCommerce essential on our list.

<sup>7</sup>Why Every Online Retailer Should "Ship-From-Store," Forrester Research, Inc., May 1, 2014



# 6 RETAIL ASSOCIATE ENGAGEMENT

SUCCESS WILL RELY  
HEAVILY ON STORE  
PERSONNEL AND THEIR  
COMMITMENT TO  
PROMOTING, SUPPORTING,  
AND EXECUTING  
OMNICHANNEL PROGRAMS<sup>8</sup>





# 6 RETAIL ASSOCIATE ENGAGEMENT

It's no secret that store associate turnover is fairly high. Because of this, any tool that the store associate needs to perform omnichannel tasks should be very easy to learn and require almost no training. The most effective platforms for retail associates are ones that allow them to easily accomplish ship-from-store, in-store pickup, in-store returns and inventory lookup.

If you empower associates with tools that are easy to use and extremely effective, they will take pride in their jobs, be more engaged and be able to assist in-store shoppers with a level of service that customers expect and that you want to provide.

Choosing a strong platform for your store associates is key to successfully completing daily omnichannel orders. Kibo's Retail Associate Platform guides the associate through tasks such as in-store pickup and ship-from-store from beginning to successful end, even taking into account exceptions that may arise along the way.

Retail associate engagement is a critical component of your omnichannel retail strategy, which is why we placed it sixth on the list of eCommerce essentials.

For associates to become customer-obsessed about delivering great omnichannel experiences, they must see the relationship between stores and online as an opportunity to generate sales and drive deeper relationships with their most loyal customers—rather than an obstacle or competition.<sup>8</sup>

<sup>8</sup> It's Time For Retail Stores To Open Their Doors To The Digital Org, Forrester Research, Inc., October 29, 2015

# 7 RAPID DELIVERY

87

87% OF ORDERS DELIVERED  
IN FIVE DAYS OR LESS  
RESULTED IN A NET  
PROMOTER<sup>9</sup>



# 7 RAPID DELIVERY

It seems like every week brings a story about Amazon building another warehouse to enable even faster shipping to customers.

Most clients we speak to individually are members of Amazon Prime, and they enjoy the speed of fulfillment.

With customers demanding faster delivery when buying online, there is a unique opportunity for retailers to use store inventory. With robust order routing rules in place in their order management system, a retailer can decide to fulfill from its own warehouse or from a store, whichever makes the most business sense.

Customer satisfaction is highly dependent upon shipping times. Retailers cannot expect to build brand value while delivering online orders slowly. Kibo analyzed thousands of customer satisfaction survey results, and it was determined that 87% of orders delivered in five days or less resulted in a net promoter. That figure dropped to 66% if the package was delivered in more than five days. It was also found that the average distance from a retail fulfiller to a customer is 47% closer than the distance from a warehouse or distribution center.<sup>9</sup>

Make rapid delivery a priority for 2016. It's the only path to true customer loyalty and repeat purchases.

<sup>9</sup> How Shipping Times Affect Net Promoter Score, Kibo Software, Inc., April 13, 2015





# 8 SEAMLESS CUSTOMER CARE

55

55% OF US ONLINE ADULTS AGREE OR STRONGLY AGREE THAT THEY TEND TO SHOP MORE WITH RETAILERS THAT OFFER CONSISTENT CUSTOMER SERVICE BOTH ONLINE AND OFFLINE<sup>10</sup>

# 8 SEAMLESS CUSTOMER CARE

Fifty-five percent of US online adults agree that they tend to shop more with retailers that offer consistent customer service both online and offline.<sup>10</sup> To meet this growing customer expectation it is important to find an order management software that offers superior customer care.

A key component of this care is a platform for customer service representatives (CSRs) that allows them to quickly and easily assist the customer with everything from editing payment information, to changing item quantity or price, to offering appeasements.

Unfortunately, it can be difficult and expensive to sync order data, such as item name, description, price, customer info, tax and promotions, from the website with the data in the order management system, leaving customer service representatives without the information they need to provide a seamless experience.

Fortunately, Kibo's customer care interface with Perfect Sync eliminates the cumbersome data transfers between an order management system and outside systems with APIs that access important information in real-time from the system of record and

minimizes the effort of keeping multiple systems of record in sync with each other.

With a seamless customer care interface, you can empower your CSRs with all the information the customer has, increase order information accuracy and enable agents to drive increased revenue for the business.

<sup>10</sup> It's Time For Retail Stores To Open Their Doors To The Digital Org, Forrester Research, Inc., October 29, 2015



# RAPID DEPLOYMENT

THE KEY TO FINANCIAL  
SUCCESS IN ECOMMERCE IS  
FLEXIBILITY





# 9 RAPID DEPLOYMENT

One of the most important questions to ask yourself is this: Can my business keep up with the pace of change customers demand, and manage to do so profitably?

The key to financial success in eCommerce is flexibility. Technologies must be fast to deploy and even faster to innovate. The old paradigm of IT departments throttling the pace of innovation just can't work.

Fortunately for retailers, cloud-based technologies are growing rapidly in popularity. Cloud technologies like Kibo put the power of innovation in the hands of business users, where it has to be.

Cloud technologies can be implemented in weeks, not months or years. New functionality is added in regular upgrades, which all customers on the platform receive automatically.

Moving fast is not optional, and neither is choosing technologies that can't keep up with the times.

Make rapid innovation and fast deployment of new capabilities through a flexible order management system a strategic priority for 2016.

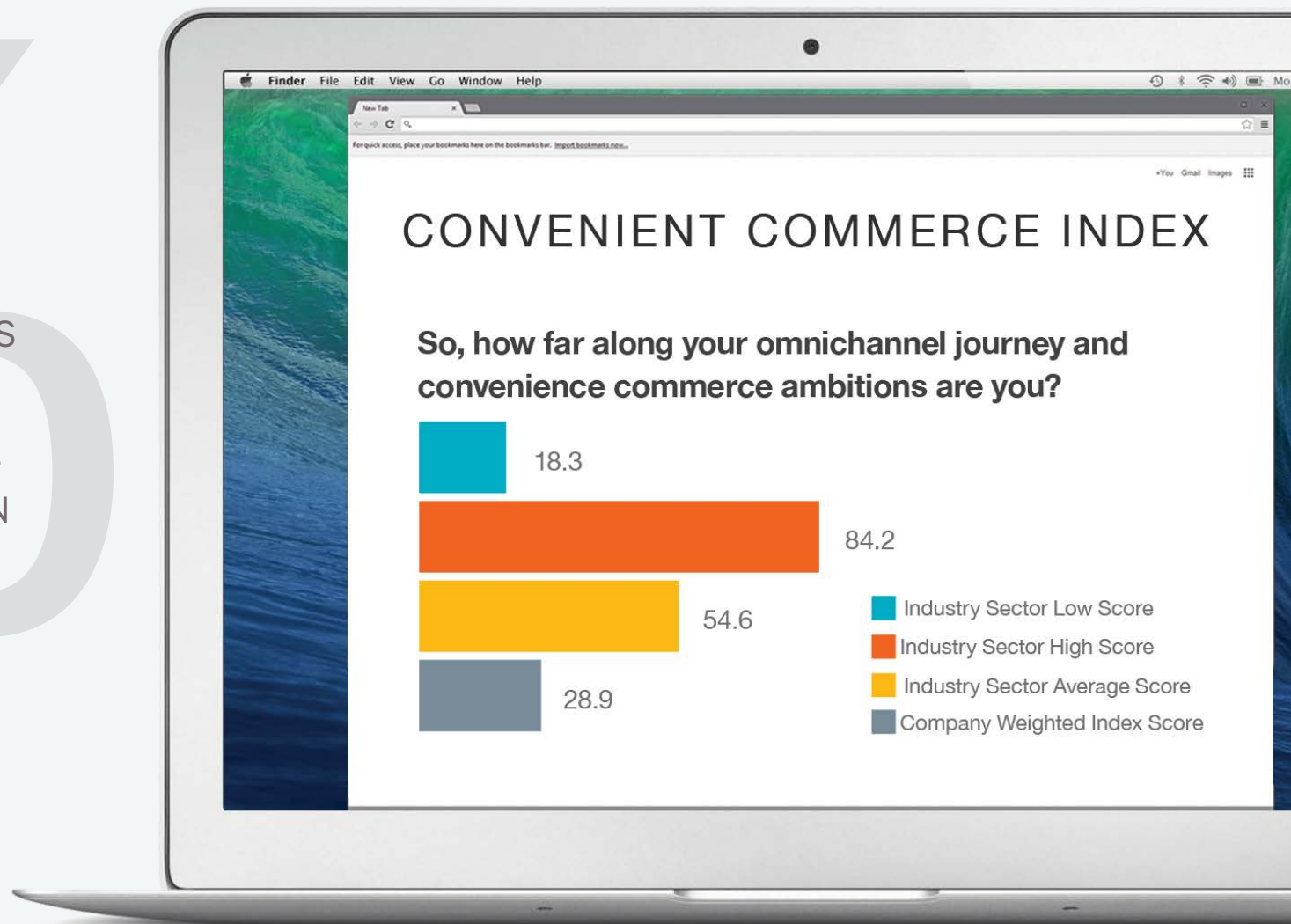
This year, US online retail sales will total \$325 billion. However, web-influenced offline sales—sales that occur offline after a customer has engaged online—will total \$1.5 trillion.<sup>11</sup>

<sup>11</sup> It's Time For Retail Stores To Open Their Doors To The Digital Org, Forrester Research, Inc., October 29, 2015

# QUANTIFY AND BENCHMARK YOUR CAPABILITIES

31

TODAY, ONLY 31% OF eBUSINESS PROFESSIONALS CURRENTLY MEASURE THE CONTRIBUTION OF DIGITAL TOUCHPOINTS TO SALES IN OTHER CHANNELS<sup>12</sup>



# 10 QUANTIFY AND BENCHMARK YOUR CAPABILITIES

Good benchmarks are readily available for customer satisfaction, website conversion, and online sales growth. Until recently, few benchmarks existed for omnichannel fulfillment service levels and process enablement.

An omnichannel fulfillment benchmarking tool can tell you how your inventory lookup, ship-from-store, ship-from- distribution center, same day in-store pickup, returns, and customer service stack up to the industry standards.

Once you have a baseline and measure change over time, you will be able to make better informed decisions. Identify and quantify the business value of recommended improvements, and it's much easier to make the business case for investment and to gain cross-organizational alignment.

Kibo's Convenient Commerce Index (CCI) is one benchmarking tool to consider adding to your mix for 2016. Using a comprehensive 60+ point analysis, the CCI builds a graph of available inventory across your industry, maps inventory to key omnichannel fulfillment processes, and measures how well your processes and technologies

are enabled to innovate and move fast.

[The Convenient Commerce Index](#)

<sup>12</sup> It's Time For Retail Stores To Open Their Doors To The Digital Org,  
Forrester Research, Inc., October 29, 2015







## THE UNIFIED OMNICHANNEL COMMERCE SOLUTIONS OF MARKETLIVE, SHOPATRON AND FIVERUN

Kibo is the strategic merger of industry leaders, Marketlive, Shopatron, and Fiverun. With a combined 40 years of innovations, we're joining forces to help retailers and branded manufacturers unify the consumer experience. Kibo is a complete omnichannel commerce platform, delivering the lowest total cost of ownership and the fastest time to market. With predictive technologies and enterprise performance, we can help you achieve increased sales. No matter the challenge, Kibo powers your success.

### ECOMMERCE

- Optimized Customer Experience
- Powerful Merchandising and Analytics
- B2C and B2B Solutions

### ORDER MANAGEMENT

- Intelligent Order Routing
- Enterprise Available- to- Promise Inventory
- Configurable Fulfillment Workflows

### MOBILE POINT OF SALE

- Save the Sale and Endless Aisle
- Retail Associate Platform
- Complete Retail Management System

To find out more about Kibo call 877-350-3866  
or visit our website at [www.kibocommerce.com](http://www.kibocommerce.com)