order dynamics RESEARCH

Order Management

OMNI-1000 Research: Global

Are Retailers TRULY Offering Omni-Channel Services?

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Executive Summary

OrderDynamics' Omni-1000 is fact-based research, investigating over 1000 retail websites around the world. Rather than asking retail executives about their opinions on omni-channel deployments, this research directly reviews current deployments of omni-channel services like click and collect (buy online pick-up in-store - BOPIS), levels of inventory visibility, pickup options, returns, timing, customer communications, and such. The research used a 'random-walk' methodology; investigating the websites, stated policies, timing commitments, and promotion of their omni-channel capabilities, as a consumer encounters them.

Worldwide, across the countries investigated (US, UK, Canada, Australia, Nordics region), this investigation finds that 37.0% of retailers offer BOPIS services. Two distinct markets emerge, as either advanced or the early stages of omni-channel development. The UK and Nordic markets are shown as advanced (deeper penetration of omni-channel practices), whereas the US, Australia and Canada are in the omni-channel development phase. As such, there is a significant opportunity for retailers to leverage order management technologies to deploy and enhance their omni-channel strategies, and for many markets, still be early entrants.

Among the retailers in the market with early omni-channel capabilities, there are many improvement opportunities. Of the click and collect retailers, 55.1% advertise in-store pickup capabilities on their first web page. Almost 45% of retailers kept the service hidden until the end of the online buying journey, at checkout. Much too late, to make an impact on a consumers buying choice.

Although inventory visibility is broadly offered on many retailer sites, higher level details like the exact number of units of an item found at a particular store, are offered only by a minority of merchants.

All told, the following research offers many observations of common omni-channel practices in the retail industry, across the seven countries reviewed. Several charts with averages, lows and peaks provide a benchmark that merchants will find helpful as a comparative against their own businesses and practices. While converged commerce is still a new development for many consumers, retailers have an opportunity to become early adopters in this space, and to reap the benefits of leaping ahead of many competitors.

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Research Methodology

OrderDynamics' Omni-1000 research is based on a 'random-walk' methodology, directly assessing retailer websites for the presence of omni-channel capabilities offered to shoppers. A random walk approach means the research did not expressly include or exclude retailers based on predefined ratios. Retailers across US, UK, Canada, Australia, Sweden, Finland and Norway were found in various categories, and retail sectors. In total, 1,010 websites are analyzed in this international study. The next page expresses the retailer groups used for the research by retail sub-sector (fashion, specialty, footwear...), retail chain size in terms of number of stores or locations around the world, and the eCommerce Platform (eCP) used by each retailer.

Although a 'random-walk' method may appear hap-hazard, a comparison across the various countries included shows many similarities in store count, eCP use, and retail category breakdowns.

Data and web analysis for the Orderdynamics' Omni-1000 spanned from May to June 2017. The research presented reflects the capabilities of the retailers in the study, as expressed through their website offerings to shoppers during this time.

Retailers selected for the study include only those with ten or more physical store locations. This study only includes retailers with some form of web-presence. It is important to note that although all retailers in this study have an online presence, not all have ecommerce capabilities or an ecommerce strategy.

This research includes a total of 1010 samples breaking down into significantly smaller sub-sectors. Readers are reminded of the smaller sample sizes for the sub-sector observations. Some grouping results may not be strictly statistically robust at the small individual level, but even at this level the findings are indicative, or directional in nature. For this reason, it is still a valid and highly interesting exercise to review even the smaller sectors and categories.

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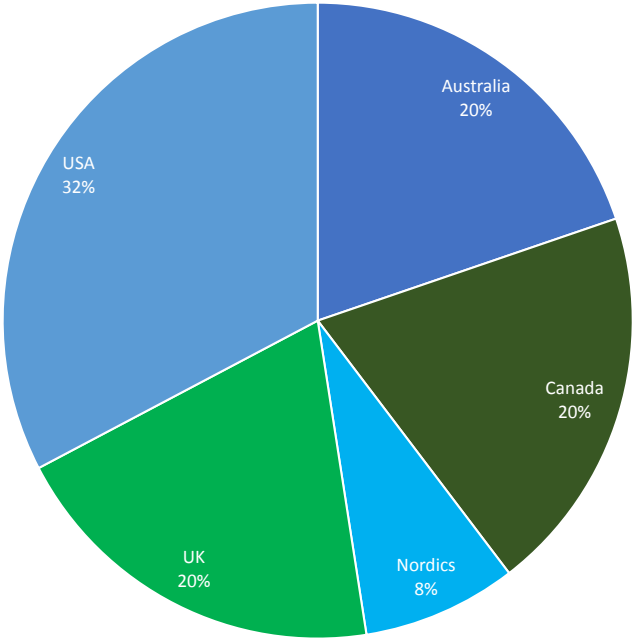
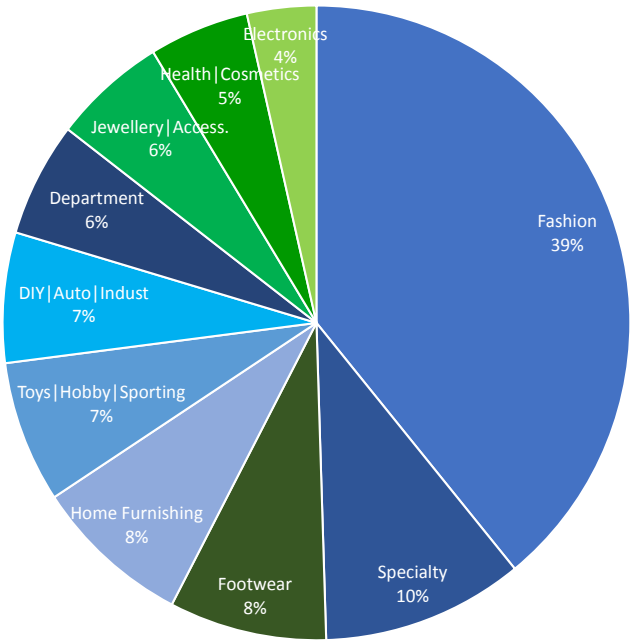
Research Methodology





N=1,010
Source: OrderDynamics, Jun 2017

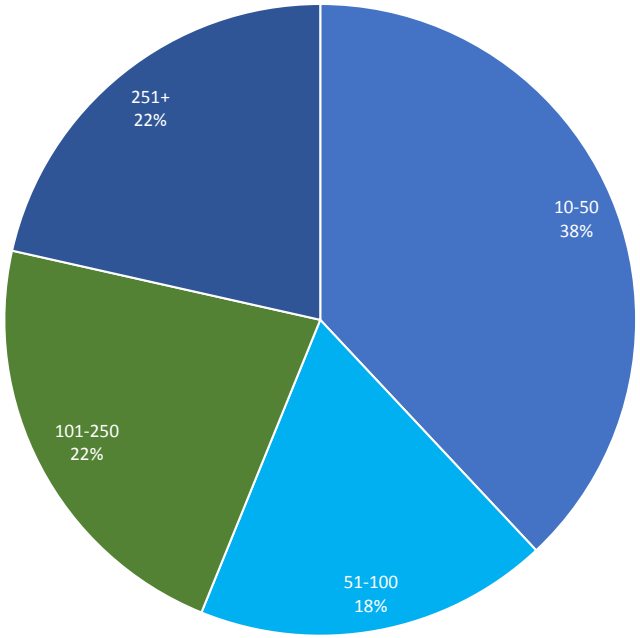
Countries in Research

OrderDynamics' Omni-1000 research sets out to examine over 1000 retailer websites, searching for evidence of omni-channel retail capabilities. Over 200 retailers are examined for each country or region: US, Australia, Canada and UK. The Nordic region only reviewed 80 retailers, from across Sweden, Finland and Norway. This region has a smaller population base with a limited number of retailers over the minimum threshold to be included in the study. Being a significant retail region, the US has a heavier weighting with 32% of the retailers investigated.

Retail Sectors

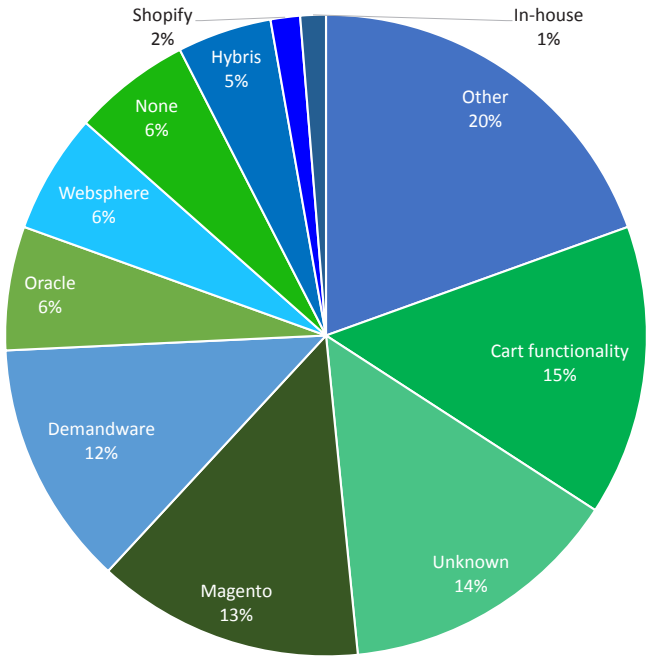
Across the 1,010 retailers, the study weighs heavily toward fashion and apparel retailers. Given the random nature of retailer inclusions in the report, fashion naturally represents a large part of retail worldwide. Some countries skewed more heavily toward fashion, but overall, 39% of retailers in the study are fashion oriented. Other retail sectors are fairly evenly distributed across specialty (office, giftware, stationary, ...), footwear, home furnishing, toys | hobbies | sporting, and so on.

Research Methodology



Store Count Sizing

Given the premise of this study being a 'random-walk' approach, on a global basis small chains dominate as a retail group, with 38% of the retailers having chains of 10-50 stores. Other chain size categories were fairly well distributed across the sample. Altogether, the retail group is well balanced, providing a good sample across retail chain sizes.



N=1010
Source: OrderDynamics, Jun 2017

eCommerce Platform (eCP)

Globally, there is no dominant ecommerce platform used by medium to enterprise level retailers. Magento was most popular as a single eCP platform for the 10-50 store retailer category, followed by Demandware. For the largest retailers, Cart Functionality, Oracle, and Demandware were the most popular ecommerce platforms observed in the research.
In the 50-250 store range, Cart Functionality, Demandware and Magento were the most commonly used eCPs.

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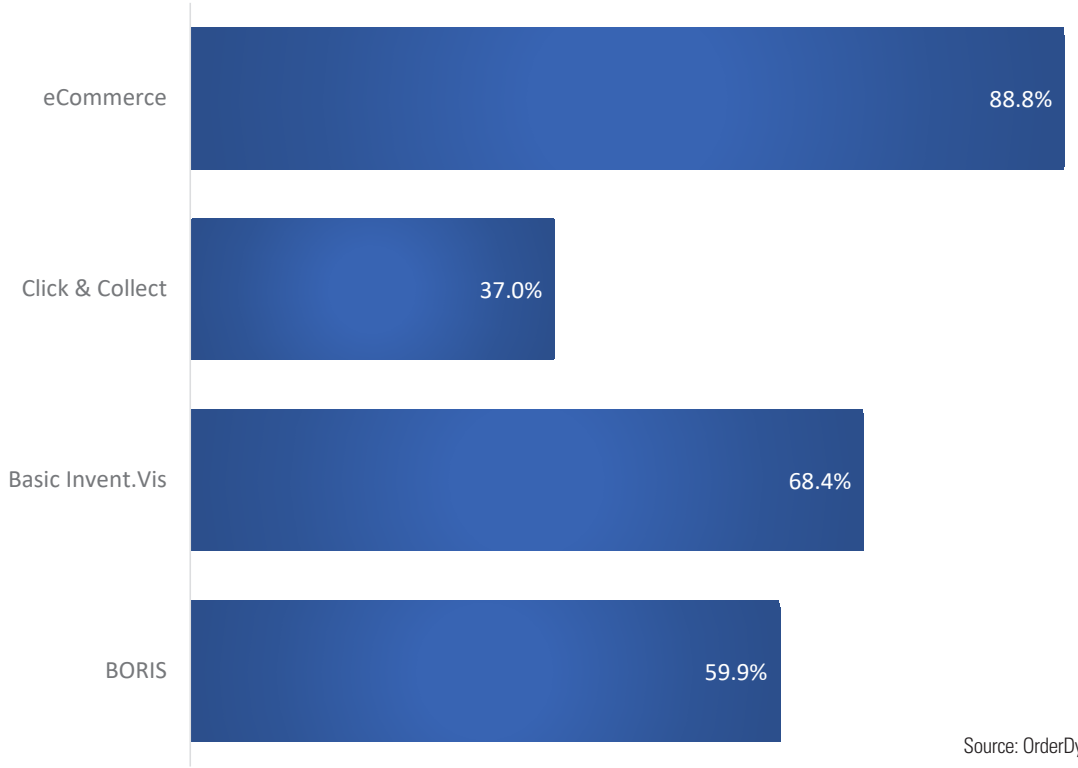
Snapshot

A global snapshot of the retail market shows that 88.8% of the 1,010 retail websites in the research have eCommerce capabilities, such that a consumer can create a basket of goods and order online. This is in line with expectations of Western countries.

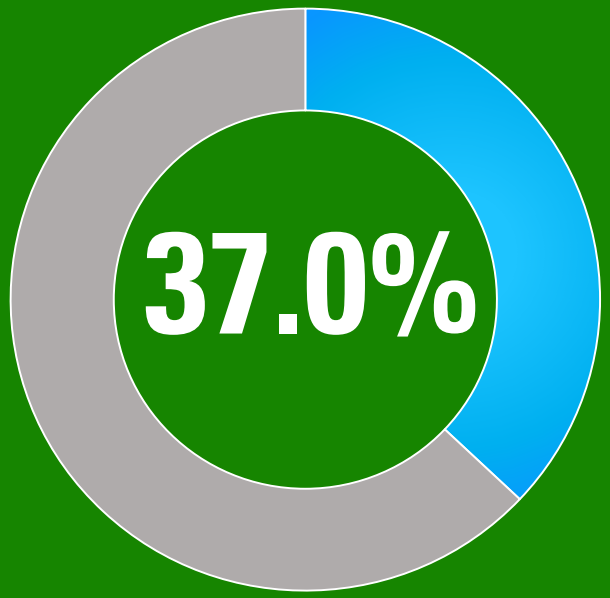
As an indicator of omni-channel capabilities, click and collect (buy-online-pickup-in-store - BOPIS), is currently evident in 37.0% of the retailers in the study. Despite this average, two distinct groups are evident. UK and Nordic countries showed higher levels of click & collect offerings among retailers, with US, Canada and Australia being laggards. Laggard countries are expected to accelerate quickly in BOPIS over the next 24 months.[1]

Given that many shoppers have a preference for returning merchandise to a store in-person, 59.9% of all retailers in the study allow shoppers to buy online and return in-store (BORIS).

CAPABILITIES SNAPSHOT



N=1,010
Source: OrderDynamics, Jun 2017



"Click & Collect, or Buy-Online-Pickup-In-Store (BOPIS) is evident in 37.0% of the retail sites observed, globally."

eCommerce and Free Shipping

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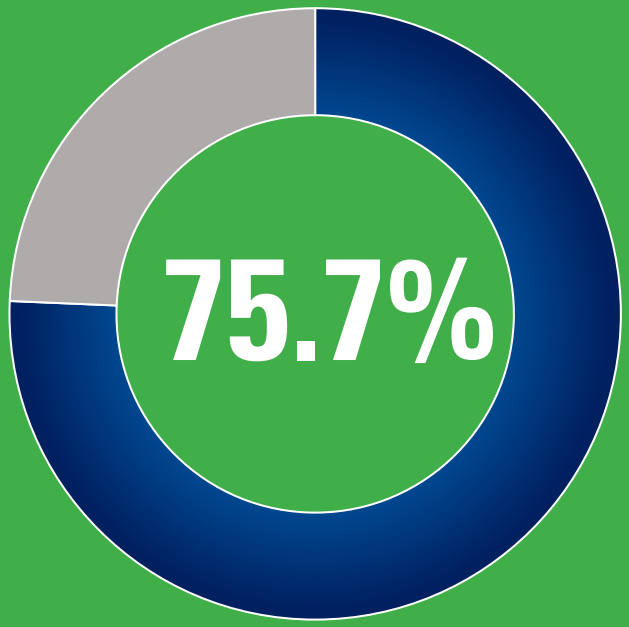


"Most retailers with an eCommerce site provide a free shipping offer (75.7%) with a minimum purchase."

eCommerce Free Shipping

The minimum order to qualify for free shipping among retailers skews to the low end of order values. Two peaks occur. One in the $0-$24 threshold and another at the $50-$74 range (USD). The lower range is largely the North American influence, where Amazon may be pushing retailers to offer lower free shipping thresholds due to their strong presence and heavy push on Prime membership.

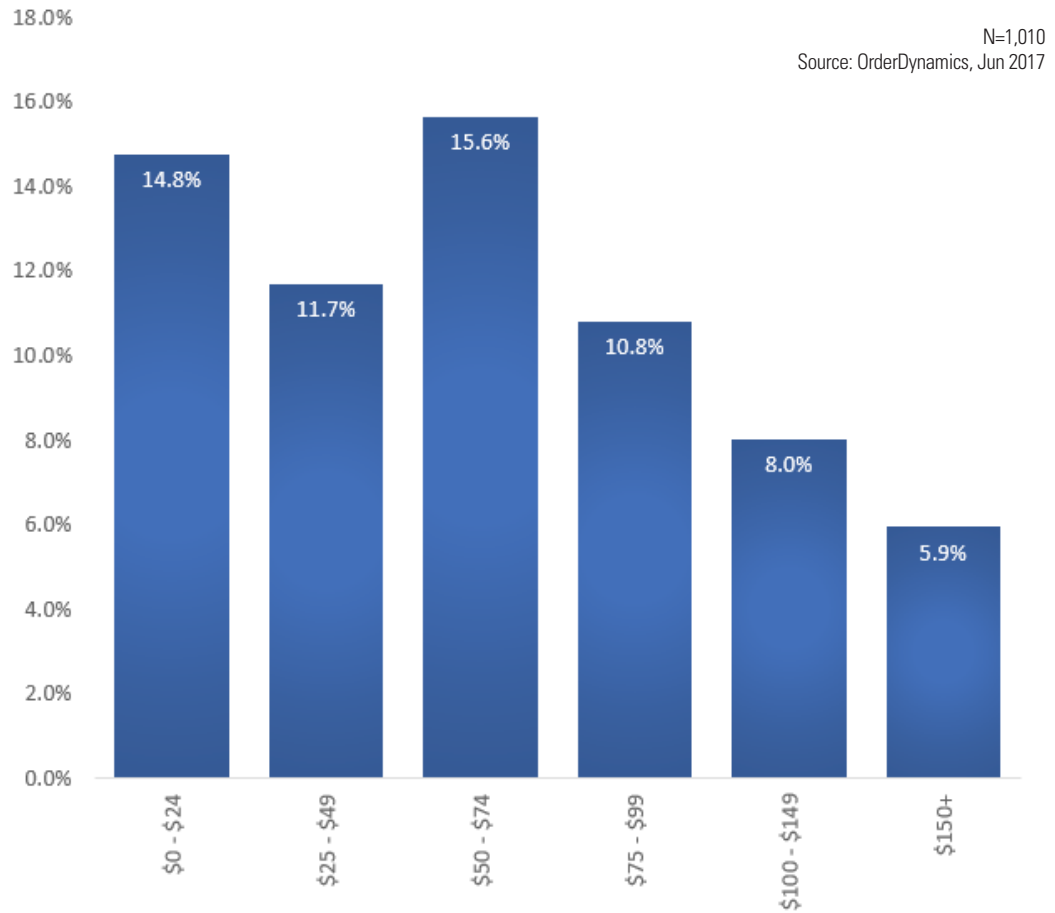
Among the countries in the study, US and UK show the lowest average minimum order for free shipping. On the high side are Australia and the Nordic countries showing averages of $77 and $65 respectively (USD). Australia is challenged with a large geographic territory - which makes shipping expensive. Unlike Canada, with a similarly large geographic territory and low population density areas - Amazon has not yet made a presence in Australia. Their arrival in 2018 will put pressure on retailers. The Australian threshold is expected to drop in the following 12-24 months with the arrival and growth of Amazon in the region.

Also interesting is that the level of retailers offering free shipping in Canada and the UK is higher than the other countries. Notably, the Nordic countries show that only 55% of retailers provide free shipping offer to consumers purchasing online. The opportunity across all countries is to emphasize in-store order pickups to reduce retailing costs. Doing so will definitely reduce the pressure to reduce free shipping thresholds.

Despite the pressure to bring lower free shipping thresholds, 13.9% of retailers set free shipping minimum orders at over $100 USD. The question for further study is whether this is an effective branding strategy, or a tactic that will erode sales volumes and customer loyalty.

N=892
Source: OrderDynamics, Jun 2017

FREE SHIPPING WITH MINIMUM PURCHASE



Country	Retailers with ECP	Offer Free Shipping Count	Offer Free Shipping %	Min. Basket for Free Shipping Avg	Min. Basket for Free Shipping High Value
USA	295	221	74.9%	$55.65	$799.00
Australia	179	132	73.7%	$76.82	$400.00
Canada	164	128	78.0%	$60.87	$403.38
UK	187	150	80.2%	$56.66	$337.50
Nordics	67	44	65.7%	$65.40	$249.90
Total	**892**	**675**	**75.7%**	**$61.62**	**$799.00**

Free Shipping By Retail Sector

Free shipping is pervasive throughout the ecommerce market space. Compared against those retailers with an ecommerce presence, 75.7% offer free shipping with a minimum online order. Many, if not most shoppers are now conditioned to expect free shipping with a certain purchase value. In this regard, breaking out of the free shipping paradigm is a challenge for most retailers. This is where other omni-channel aspects like in-store pickup offers become important as differentiators for retail brands.

Three retail sectors least inclined to offer free shipping are the DIY | Auto | Indust., Toys | Hobby | Sporting, and Electronics businesses. This may be due to the nature of their products be it size, weight, high value - high theft prone items, and so on. On the opposite end of the spectrum, on a global basis, 89.6% of Home Furnishing retailers, 86.0% of Health | Cosmetics retailers, and 88.7% of Footwear retailers advertise free shipping offers.

The high side of the minimum order value reaches $799, in the DIY | Auto | Indust. category. Again this is not surprising given the often heavy, large or specialized shipping needs for some industrial goods. A generalized average across the global study gravitates toward $64 USD. Given the ranges of thresholds for free shipping offers, retailers are encouraged to experiment with different levels - to find their own sweet spot.

	Retailers	Offer Free Shipping		Min. Basket for Free Shipping	
Retail Sector	with ECP	Count	%	Avg	High Value
Fashion	357	296	82.9%	$69.02	$500.00
Specialty	90	57	63.3%	$55.19	$250.00
Toys|Hobby|Sporting	73	35	47.9%	$87.97	$499.00
Home Furnishing	77	69	89.6%	$67.87	$198.00
Department	65	55	84.6%	$52.29	$150.00
DIY|Auto|Indust.	50	22	44.0%	$80.45	$799.00
Footwear	53	47	88.7%	$57.74	$250.00
Jewellery|Access.	45	34	75.6%	$65.38	$150.00
Health|Cosmetics	50	43	86.0%	$47.23	$200.00
Electronics	32	17	53.1%	$19.29	$105.00
Total	**892**	**675**	**75.7%**	**$64.11**	**$799.00**

N=892
Source: OrderDynamics, Jun 2017

Click and Collect

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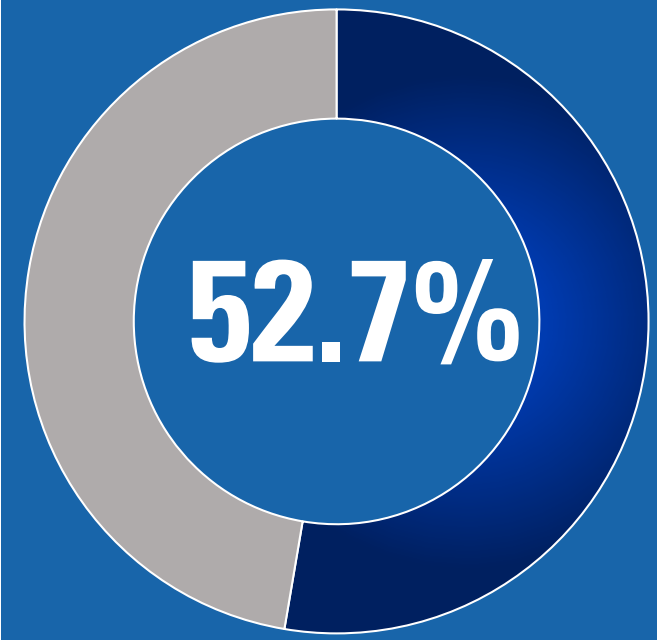


"Among the global study retailers actively providing in-store pickup services, 52.7% advertise or call it out on their front page."

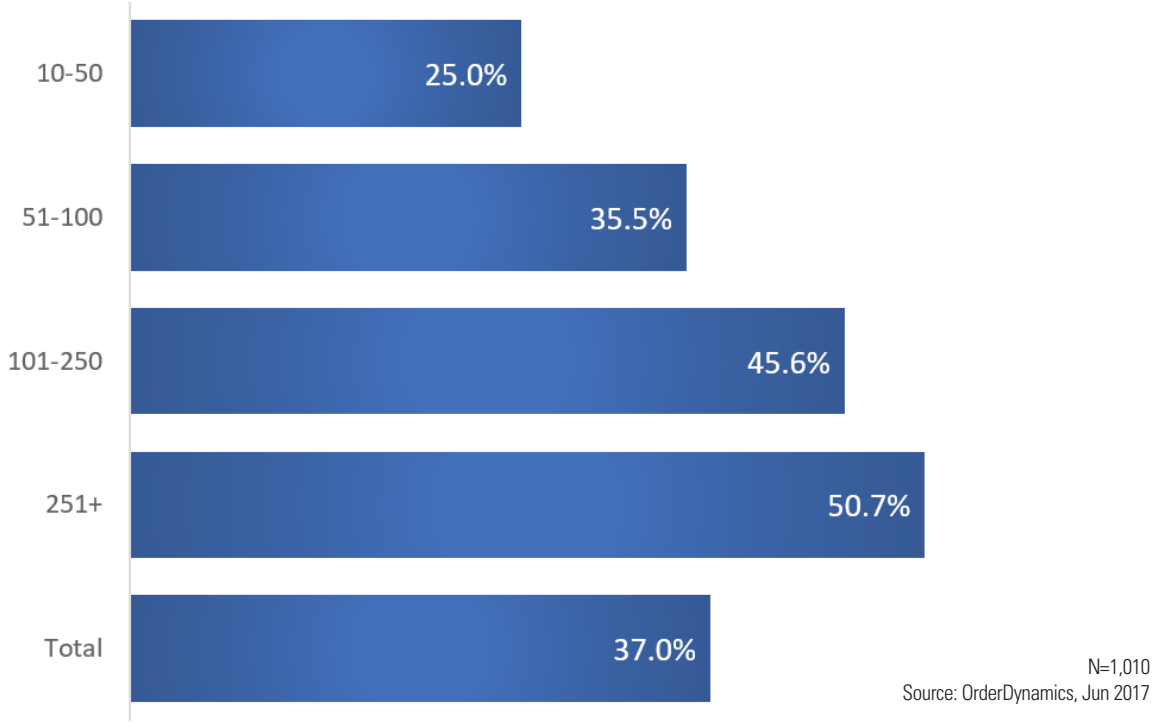
Click & Collect Profile

If a consumer is interested in purchasing a product and receiving it immediately, they can either go to the store relying on chance to avoid an out of stock situation, or purchase online, then pickup in a store. Consistent with the country by country observations, the larger the retail chain, the more likely a consumer will be able to place a click and collect order. Retail chains larger than 250 stores are twice as likely as chains of 10-50 stores, to offer click and collect services.

Larger organizations have had larger IT teams, and greater resources. Years ago, technologies like order management systems (OMS) were not well known, defined, nor understood. Only large chains had the resources to develop their own OMS solutions, for example. With standard, off the shelf OMS technology, that is ready to use right out of the box (rather than platform systems that must be programmed), smaller retailers now have the same opportunity as larger organizations. As such, we expect omni-channel capabilities to grow dramatically in the following 2-3 years. For example, Forrester's research on SaaS based OMS solutions found that 45% of retailers expect to upgrade or purchase a new OMS SaaS solution within the next 3 years.[1]

Size of retail chain did not matter significantly ,regarding whether click and collect retailers advertised the service on the main web-page. Nor does retail chain size play a significant role in whether a retailer provided 'How to' instructions for a click and collect order.

CLICK AND COLLECT ADOPTION BY RETAILER STORE COUNT



Chain Size	Retail Chains	Click & Collect Avail. Retailers	%	First Page C&C Ad Retailers	%	'How-To' Instruct. Retailers	%
10-50	384	96	25.0%	49	51.0%	72	75.0%
51-100	183	65	35.5%	45	69.2%	51	78.5%
101-250	226	103	45.6%	58	56.3%	82	79.6%
251+	217	110	50.7%	54	49.1%	94	85.5%
Total	**1010**	**374**	**37.0%**	**206**	**55.1%**	**299**	**79.9%**

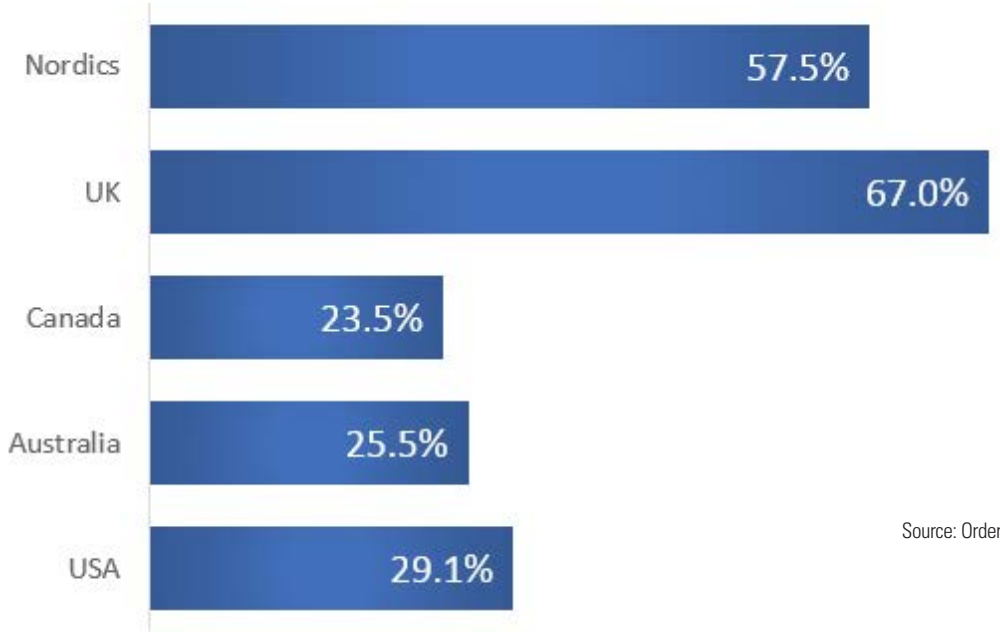
Click & Collect Adoption

Adoption of in-store pickup orders varies widely across countries. Of the two distinct groups, the UK is by far the most advanced country observed, with in-store pickup offerings. Ten points behind are the countries in the Nordic region.

US, Australia and Canada are clearly in the very early phase of click and collect deployments. In this regard, figures stated by other reports, that say that US retailer omni-channel adoption is in the 60-70% range, seem to be in direct contrast to the observations of the Omni-1000 study. This study reviewed actual deployment offered to customers, rather than surveying the opinions of retail executives. Omni-channel encompasses more than just in-store pickup capabilities. However, click and collect is among the most significant capabilities of the omni-channel strategy. Research by L2, and Forrester recorded North American retailers with click and collect capabilities in the 20-23% range.[2]

Surprisingly, a large number of retailers with click and collect capabilities do not advertise this offering to their customers! Another major surprise is that the US being a world leader in marketing, was worst at advertising in-store pickup offerings. Among US retailers with BOPIS only 38.5% informed customers about the offering on their first web-page. In this capacity, Australia did the best job. However, even among Australian retailers one third failed to inform customers, up front. If a customer wants to pickup a product right away, they may choose another retailer informing them of the option.

CLICK AND COLLECT ADOPTION RATE BY COUNTRY



N=1,010
Source: OrderDynamics, Jun 2017

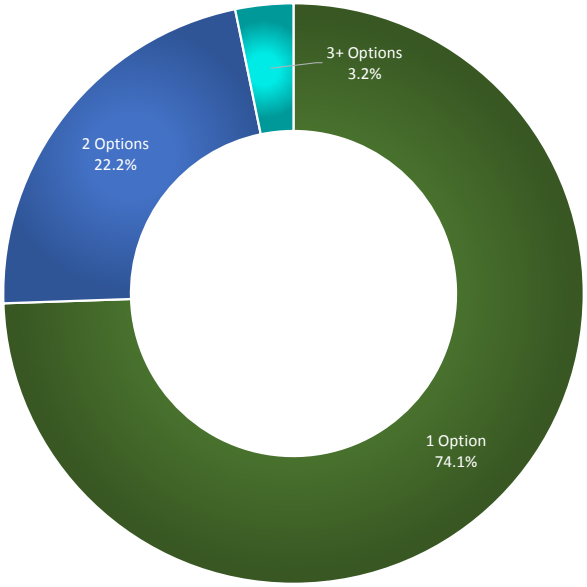
Country	Retailer Count	Click & Collect Retailers	Click & Collect %	C&C Ad on 1st Pg Retailers	C&C Ad on 1st Pg %	C&C Instructions Retailers	C&C Instructions %
USA	330	96	29.1%	37	38.5%	78	23.6%
Australia	200	51	25.5%	34	66.7%	41	20.5%
Canada	200	47	23.5%	24	51.1%	35	17.5%
UK	200	134	67.0%	72	53.7%	108	54.0%
Nordics	80	46	57.5%	30	65.2%	37	46.3%
Total	**1010**	**374**	**37.0%**	**206**	**55.1%**	**299**	**29.6%**

Click & Collect Options

In-store pickup is still a relatively new phenomenon to consumers. Yes, as a concept, it has been discussed among retailers for many years. However, for many markets it is still nascent, from a consumer's perspective. This is also evident from the fact that 74.1% of retailers offer only one pickup option for their click and collect service.

Not surprising, two thirds (66.3%) of the retailers offering two or more pickup options are came from retailers in the UK and Nordic regions. Pickup options beyond an in-store pickup can include offering consumers pickups from in-store lockers, shopping mall pickup centers, collect from a partner brand, postal outlet pickups, corner store collection, curb-side pickup, and so on.

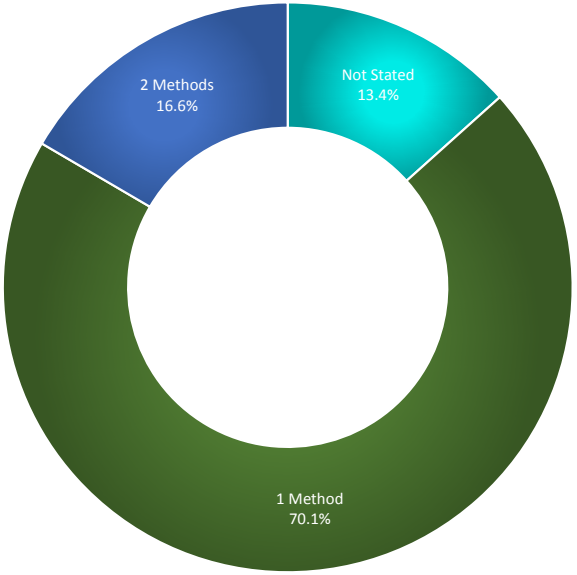
Given that in 58% of cases, in-store pickups result in additional sales, offering more options may be an wise choice to keep shoppers coming back.[3] Despite pickup being new to North America, it is interesting to note that Walmart has been aggressively experimenting with additional pickup options (in-store, pickup lockers, curb-side pickup, and postal outlet collection). Of over one thousand retailers in this study, Walmart stands as one of very few to offer four pickup options.



Pickup Notifications

Just as important as offering pickup services, the ability to notify the shopper that their pickup is ready - is crucial. The vast majority of retailers (70.1) offer consumers only one notification method, to collect their purchases. Predominantly this is an email message, however, in a few cases, a telephone call. Only 16.6% offered two notification methods, while no retailers clearly indicated they had three or more notification methods. On notifications, the US and Nordics stand out with the fewest retailer offering more than one notification method, at 6.3% and 2.2% respectively.

Given the growing importance of the Millennial and Generation Z consumers, retailers need to expand customer notifications. Advanced order management systems already include flexible communications that allow alerts to Snapchat, Twitter, text, email, voice messaging, and other social media vehicles. Retailers have an opportunity to differentiate themselves by leveraging this feature.



N=330
Source: OrderDynamics, Jun 2017

Engaging Customers

As a cross section of the retail sub-sectors, click and collect services were most prevalent among merchants focused on consumer Electronics 63.9%, DIY | Auto | Industrial goods at 53.7% and Department stores at 49.2%. These three sectors also did a reasonable job of informing web customers that BOPIS was offered and available for use, on the front page. This remains a critique of the retail industry; retailers which took the initiative to activate and deploy this advanced retailing option, did not do a particularly good job of alerting customers to the offering, with only 55.1% of merchants doing so on their first page. That means almost half of all retailers offering BOPIS, only tell their shoppers about it in the last phase of the purchase. By this late stage, customers have chosen the retailer irrespective of click and collect abilities. Think about all the customers that have already decided to go with your competition, seeking more convenient options! It does not offer incentive to a customer to purchase from the brand, if the customer does not know that brand has an enhanced offering or 'instant gratification' service.

Given that BOPIS is not always an intuitively obvious feature or process, retailers are all advised to include easy to understand instructions to help customers through the process. A shopper may need a special 4 digit code, QR code, bar code, or a printed copy of the receipt to pickup the item, from a specific location. For any consumer trying out the process on their next purchase, it can be intimidating. Most merchants have learned this, and provide instructions or answer frequently asked questions about how to complete a click and collect transaction. However, there is room for improvement, given that 20.1% of retailers in this study did NOT provide guidance for their customers.

	Retail	Click & Collect Avail.		First Page C&C Ad		'How-To' Instruct.		Pickup Alert	
Retail Sector	Chains	Retailers	%	Retailers	%	Retailers	%	Retailers	%
Fashion	395	137	34.7%	69	50.4%	112	81.8%	124	90.5%
Specialty	105	38	36.2%	25	65.8%	26	68.4%	28	73.7%
Home Furnishing	82	31	37.8%	12	38.7%	22	71.0%	24	77.4%
Footwear	82	25	30.5%	10	40.0%	17	68.0%	22	88.0%
Toys|Hobby|Sporting	73	30	41.1%	16	53.3%	23	76.7%	25	83.3%
DIY|Auto|Indust.	67	36	53.7%	26	72.2%	34	94.4%	32	88.9%
Jewellery|Access.	59	14	23.7%	7	50.0%	12	85.7%	13	92.9%
Department	59	29	49.2%	22	75.9%	24	82.8%	25	86.2%
Health|Cosmetics	52	11	21.2%	5	45.5%	9	81.8%	10	90.9%
Electronics	36	23	63.9%	14	60.9%	20	87.0%	21	91.3%
Total	**1010**	**374**	**37.0%**	**206**	**55.1%**	**299**	**79.9%**	**324**	**86.6%**

N=1,010
Source: OrderDynamics, Jun 2017

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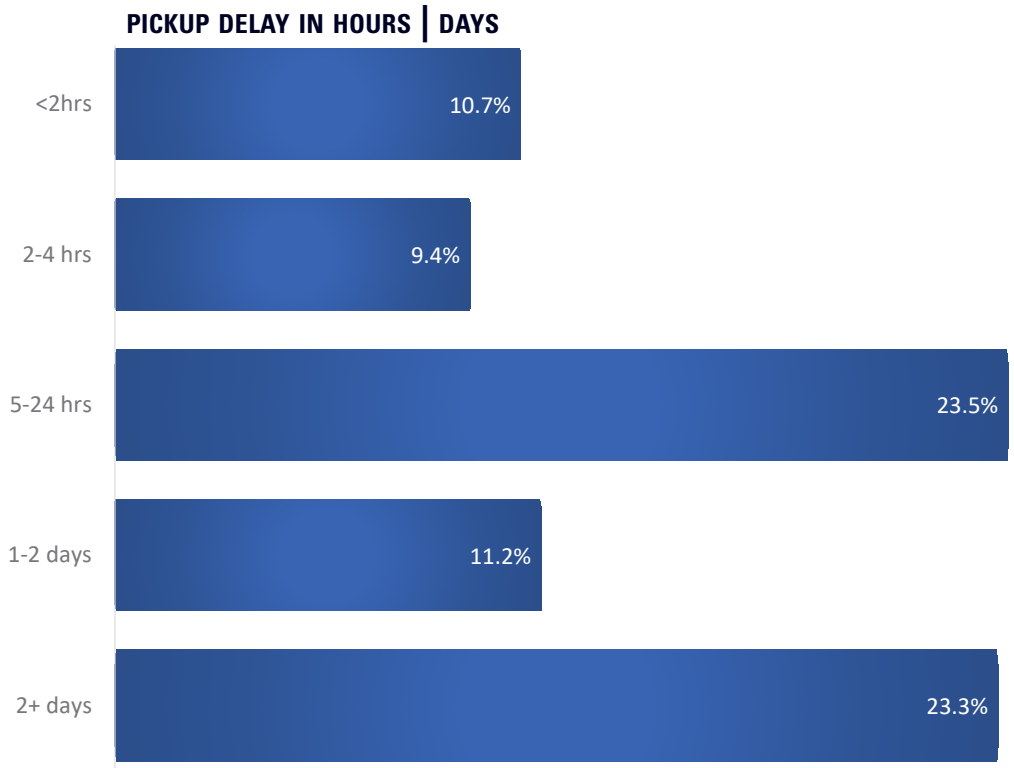
In-Store Pickup Delays

Instant gratification is a big motivator for in-store pickup orders. A US and UK study for over 3300 participants found that 79% of US and 70% of UK consumers prefer in-store purchases for getting their merchandise immediately.[6] As such, shoppers expect their order to be ready quickly. Yet only 20.1% of merchants with click and collect services commit to having an order ready for pickup within a 4 hour window. Converged commerce still being largely new to merchants means many continue to be cautious as not to over-promise on timing.

What continues to be a concern is that 34.5% of retailers offer a pickup delay window in excess of 24 hours. Nordic countries score the lowest average stated pickup delay at 18.2 hours, while Canadian retailers averaged 61.0 hours. 21.9% of merchants made no claim at all. Chains need to consider means of reducing the pickup delay promised to consumers. Amazon recently announced 'Instant Pickup' across select items, as its omni-channel offering. Retailers need to speed it up, or risk another channel to an ever growing juggernaught.



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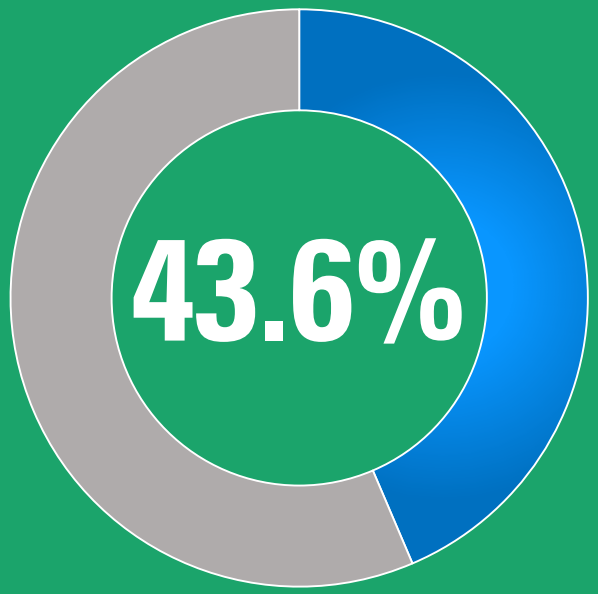


"43.6% of retailers commit to having an order ready for in-store pickup within 24 hours."

Retailer Size and Pickup Timing

Pickup timing delays are shown below by retail store size. There is no particularly significant difference between large or small retail chains, in terms of expressly stating their pickup delay expectations or range. Mid sized chains were most apt to clearly state these delays online, with both mid-size chain categories coming in at 80%.

Average stated delays across retail chains do vary. Small chains (10-50 store locations) average 52.4 hours for pickup delays (stated). All other chain size categories range from 40.7 hours through to 45.5 hours. Again, for all retailers and chain sizes, timing is becoming increasingly important to consumers. Specifically, the pace of competitiveness in retail is not expected to slow. Rather, retailers must continually think of and deploy new strategies, and tactics that will entice new customers in, and grow loyalty with existing shoppers. Offering stated delays of less than 24 hours for a pickup order is important. The average delays observed in today's retail landscape, are just too long. Customers are interested in click and collect services because it puts control into their hands (they pickup when convenient to them), and it caters to the instant gratification desire. Too long a stated delay certainly misses the "instant" part of instant gratification.

On the low side of the equation, each retail chain group had at least one retailer with an online pickup delay commitment of 2 hours or less. This is exceptional, from a customer's perspective. Shoppers are often interested in omni-channel retail as an alternative to lengthy perceived online deliveries. As an example, Millennials cited deliveries taking too long, as a criticism of online shopping, more than either Baby Boomers or Generation X, in an 18,430 shopper study in 2017 by KPMG.[7]

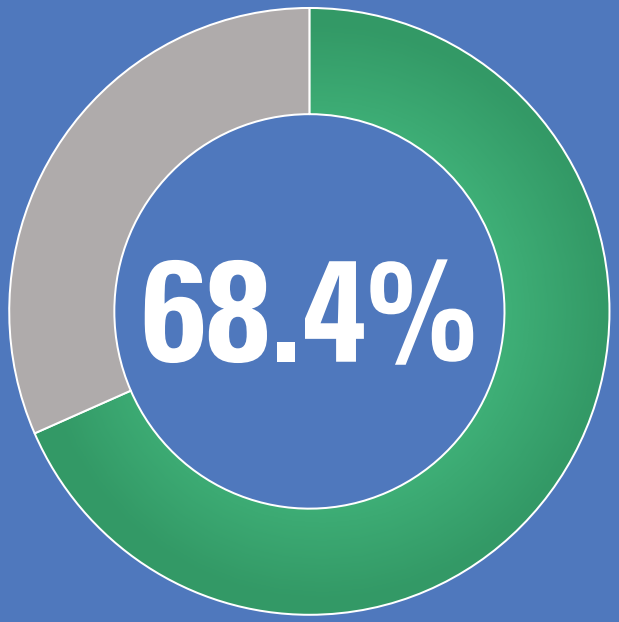
Honors go to retailers such as Argos, Micro Center, Best Buy, O'Reilly's Auto Parts, and Car Quest. Each listed less than 1 hour commitments on pickup orders. This sets an aggressive expectation with customers, and notably differentiates their offering. Compare a 1 hour order pickup delay commitment against a retailer with a 7 day commitment. Most shoppers will not hesitate to choose the retailer with the faster service, in this case, a 99.4% improvement in speed.

	Retail	Click & Collect Avail.		Stated Pickup Delay (in Hrs)				
Chain Size	Chains	Count	%	Count	%	Avg	Low	High
10-50	384	96	25.0%	72	75.0%	52.4	0.3	240
51-100	183	65	35.5%	52	80.0%	45.3	0.5	240
101-250	226	103	45.6%	83	80.6%	40.7	0.3	240
251+	217	110	50.7%	85	77.3%	45.5	0	360
Total	**1010**	**374**	**37.0%**	**292**	**78.1%**	**45.8**	**0.0**	**360**

N=1,010
Source: OrderDynamics, Jun 2017

Inventory Visibility

order dynamics



"Merchants largely realize the importance of inventory visibility, as 68.4% provide at least a basic in-stock indicator on their site."

Online Inventory Visibility Levels

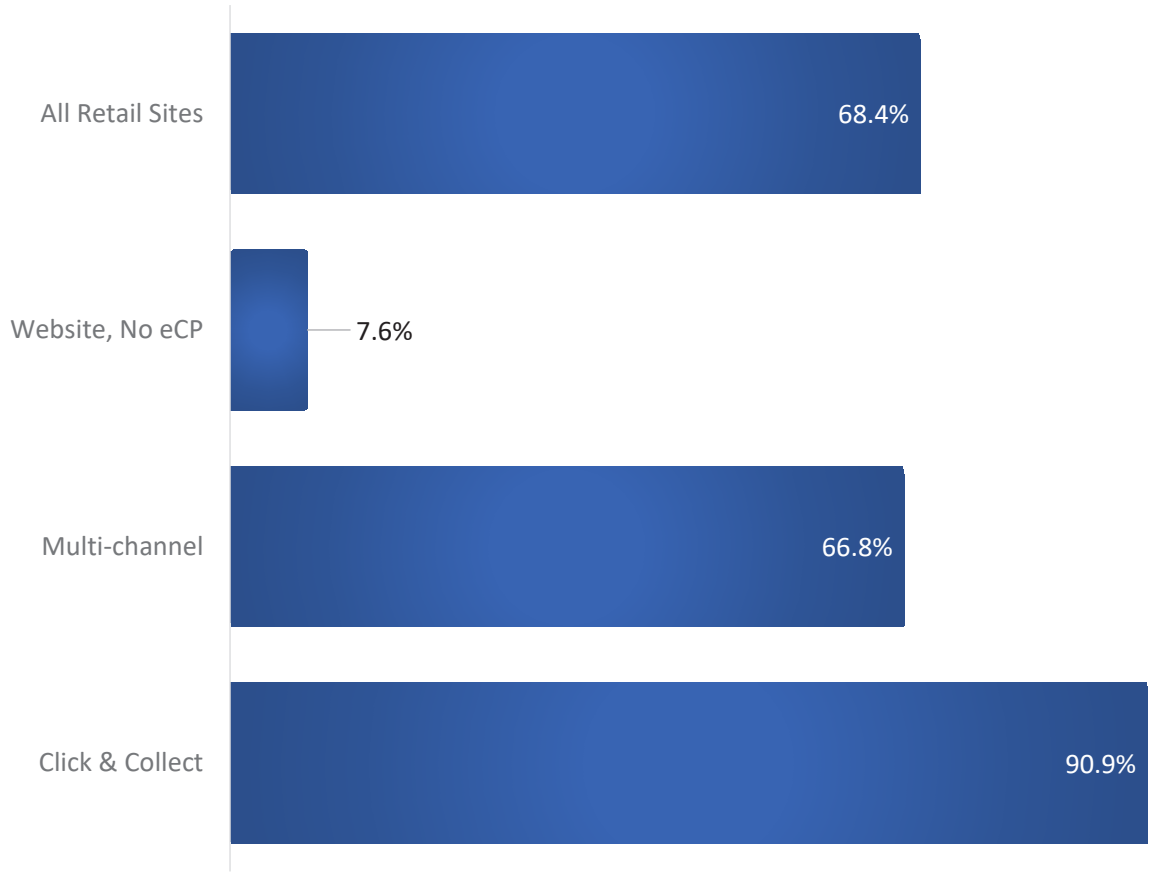
Inventory visibility is important to consumers. 68.4% of all retail sites showed at least a basic 'in-stock' alert or indicator for the merchandise shown on their websites. This includes both retailers with an ecommerce presence, and some of those without (website, but no online order taking). However, only 7.6% of retailers without an ecommerce presence showed even a basic level of stock visibility. Given that inventory visibility is among the first steps to a purchase, failing to show any inventory visibility risks losing customers at the earliest phase of their buying journey.

66.8% of multi-channel retailers show a basic 'in-stock' or 'out-of-stock' indicator to help online shoppers. Multi-channel retailers are those which have an ecommerce site and have physical stores, but did not offer BOPIS to customers.

Among click and collect (omni-channel) merchants, inventory visibility jumps to 90.9%. In fact, among omni-channel retailers 69.8% provide inventory visibility at the store level, and 16.6% show store level stock details, including the number of items found in any given location.

Retailers debate the right level of inventory visibility to show online. It is arguable that the competitors may monitor a retailers site and use their inventory intelligence to craft counter strategies. This is possible. Yet, retailers must counter these fears with the expectations of their shoppers. For a shopper, knowing that there are 4 dress shirts in a store near them, may entice them to drop in for a purchase, or pickup. Knowing there is only 1 dress shirt left, may put a sense of urgency to locking in the purchase online for an afternoon pickup. Used effectively, this information can help a retailer actually drive more sales. What can also be stated with confidence, is that lacking any merchandise availability information will gradually drive shoppers away.

BASIC INVENTORY VISIBILITY ACROSS RETAIL SITES



N=1,010
Source: OrderDynamics, Jun 2017

order dynamics

Inventory Visibility By Retailer Size

Three levels of inventory visibility are reviewed in the Omni-1000 research. First is basic inventory visibility, in which customers can find an overall stocking level indicator. It is either 'in-stock' or 'out-of-stock'. Second is stock information provided at the store level. Does a specific store have inventory of the desired item. For most cases, the location is listed with an 'in-stock' or 'no-stock' identifier. Third is detailed stock level information, at the store level. Here customers see the specific inventory count of a particular product at the store level. For example, the system will show a customer that 3 units of a particular shirt are available at the downtown location at 15 Main Street.

Easiest to deploy is the basic inventory visibility indicator. It explains the relatively healthy level of product visibility shown across retailer of the various chain sizes. Basic inventory visibility is found in 68.4% of the retail sites. This should not be confused with real-time or even enterprise wide stock visibility. Some of these systems are simple overnight inventory count feeds from the warehouse management system (WMS). Although a simple setup like an overnight feed is grossly inaccurate from a holistic business perspective, it is a step above not providing any information at all.

At the basic stock visibility level, there is little difference among chain sizes. Across all sizes roughly 65-70% of merchants offer basic product visibility. However, store level stock visibility is active in 35.2% of retailers. Store level inventory visibility skews toward larger chains. Those with 100+ stores has showed store level inventory visibility at 41.5-42.5% of retail chains.

Finally detailed inventory visibility is found among only 9.4% of retail chains. At this level, all chains are equally likely to provide detailed stock information, as the range observed is 7.8-11.5%. Although contentious, this level of visibility is often most informative for shoppers.

	Retail	Basic Inv.Vis.		Store Inv.Vis.		Detail Inv.Vis.	
Chain Size	Chains	Count	%	Count	%	Count	%
10-50	384	252	65.6%	101	26.3%	30	7.8%
51-100	183	129	70.5%	69	37.7%	21	11.5%
101-250	226	159	70.4%	96	42.5%	24	10.6%
251+	217	151	69.6%	90	41.5%	20	9.2%
Total	**1010**	**691**	**68.4%**	**356**	**35.2%**	**95**	**9.4%**

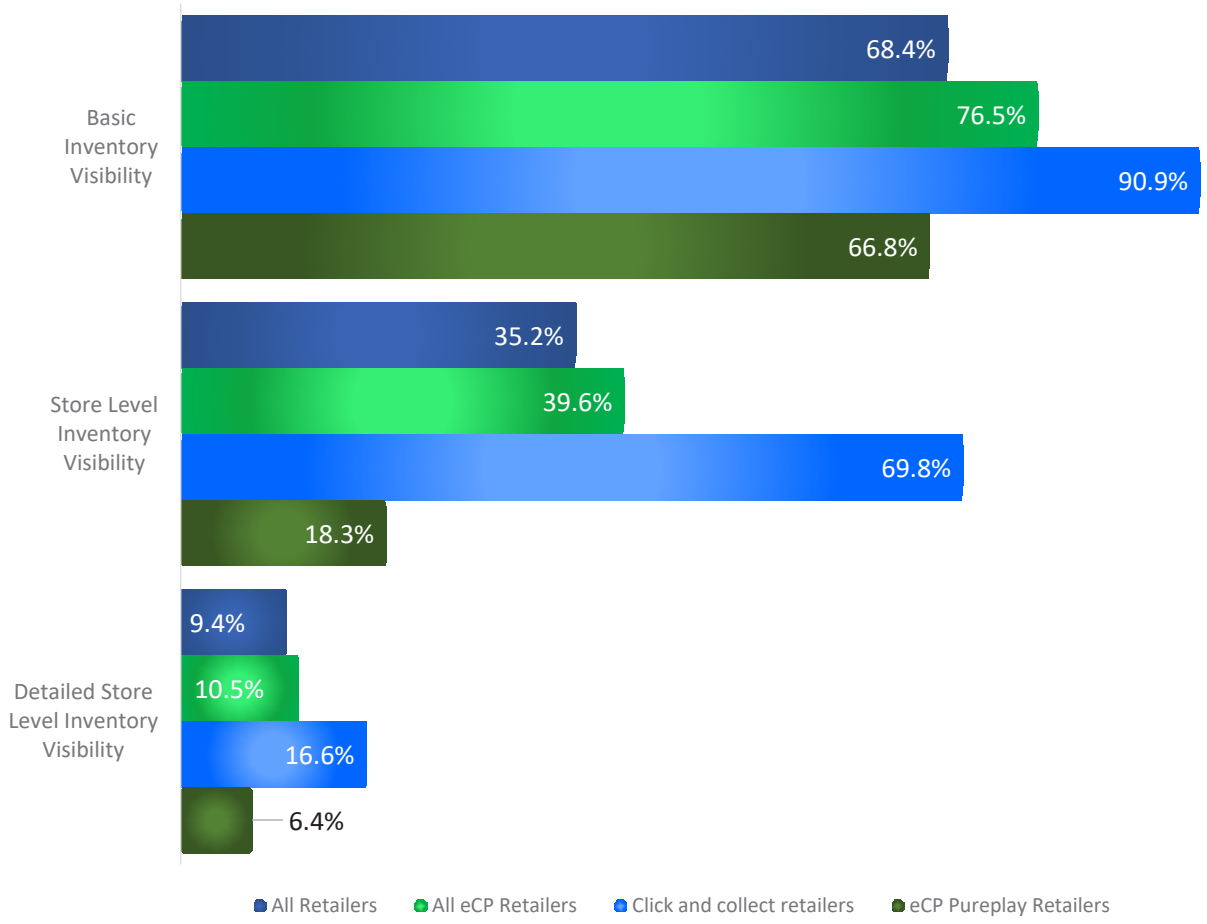
N=1,010
Source: OrderDynamics, Jun 2017

Stock Visibility by Retail Type

On all accounts BOPIS capable retailers were most equipped to provide inventory visibility at the basic, store level, and detailed store level. These retailers are best equipped both knowing the importance of stock visibility to drawing in more customers, and using the built in capabilities of their purchased OMS.

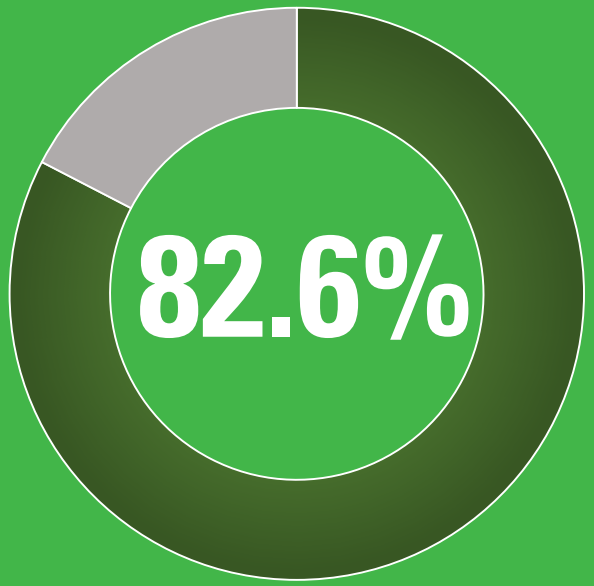
Draw your attention to the multi-channel retailers. These retailers have both physical retail channels, ecommerce stores, and possibly stores established on marketplaces like Amazon, eBay and other online sites. With disconnected sales channels, multi-channel retailers show the lowest performance in each inventory visibility level. This serves as an early warning indicator to multi-channel merchants. Not providing customers with good inventory visibility across stores, warehouse, and all domains means customers simply may not take an interest in ordering from a vendor, without knowing the order will be delivered on a timely basis. Lack of inventory tells shoppers that an item will take longer to deliver than normal.

INVENTORY VISIBILITY BREAKDOWN BY RETAIL STRATEGY



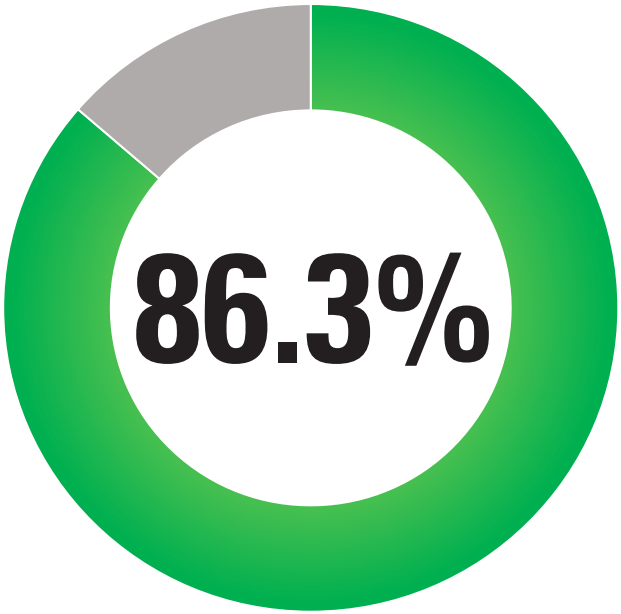
N=330
Source: OrderDynamics, Jun 2017

order dynamics



"Most retailers offering BOPIS services (82.6%) expressly accept on-line purchases to be returned in-store (BORIS)."

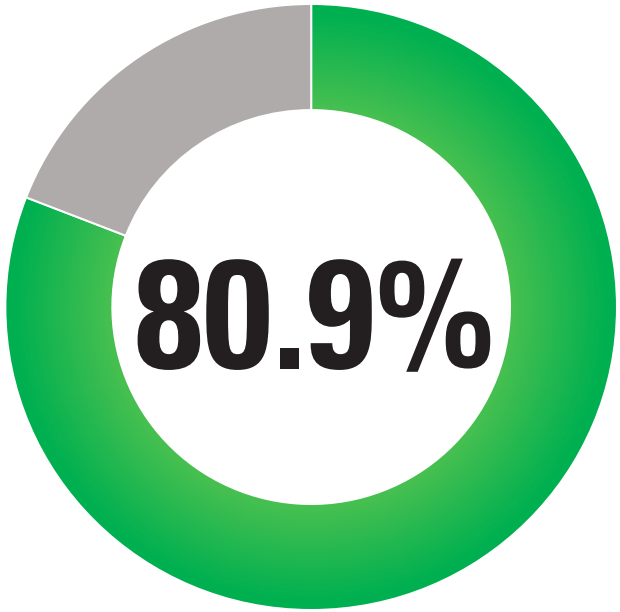
Returns Policies



Clear Returns Policy

The days of cryptic and difficult to understand returns policies are over. Most of today's retailers have reasonably understandable returns policies, assessed at 86.3%. Some were even written expressly with clients in mind, with practical and common language used to describe the terms and conditions.

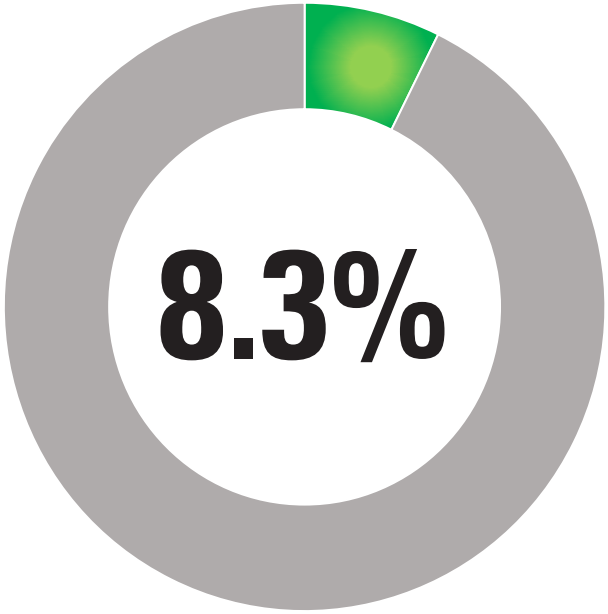
In this domain the Nordic region scored lowest, with 78.8% of retailers offering clear return policies. The US scored second lowest at 85.2%, while Canada scored highest at 97.5% of sites providing clear policies.



Jargon Free Returns Policy

Generally, retailers in all geographic regions did a good job at keeping return policies jargon free. It is easy to let legal wording infiltrate policies. This is a serious mistake. It confuses customers. If customers are confused, it drives up the distrust, and it results in fewer sales This is important given that 76.1% of customers will purchase products online (either for shipment or pickup), based on a favourable returns policy.[4]

Countries were in the 76.1-88.5% range as jargon free policies.



Returns Restocking Fees

Globally, restocking fees for product returns are rare. Only 8.3% of all retailers declare restocking fees for returns, with one exception. The Nordic region has a disproportionately high level of retailers with restocking fee policies, at 65.0%. Unlike the other regions, these fees seem to be the accepted practice. It's possible that a portion of the restocking fees in this region are actually returns shipping fees. Still, this is surprising given that 57.5% of Nordic chains offer click and collect services. For an advanced region, a greater level of omni-channel competitiveness should reduce the use of restocking fees. All other countries had restocking levels below 6%.

N=1,010

Source: OrderDynamics, Jun 2017

order dynamics

Buy-Online-Return-In-Store (BORIS)

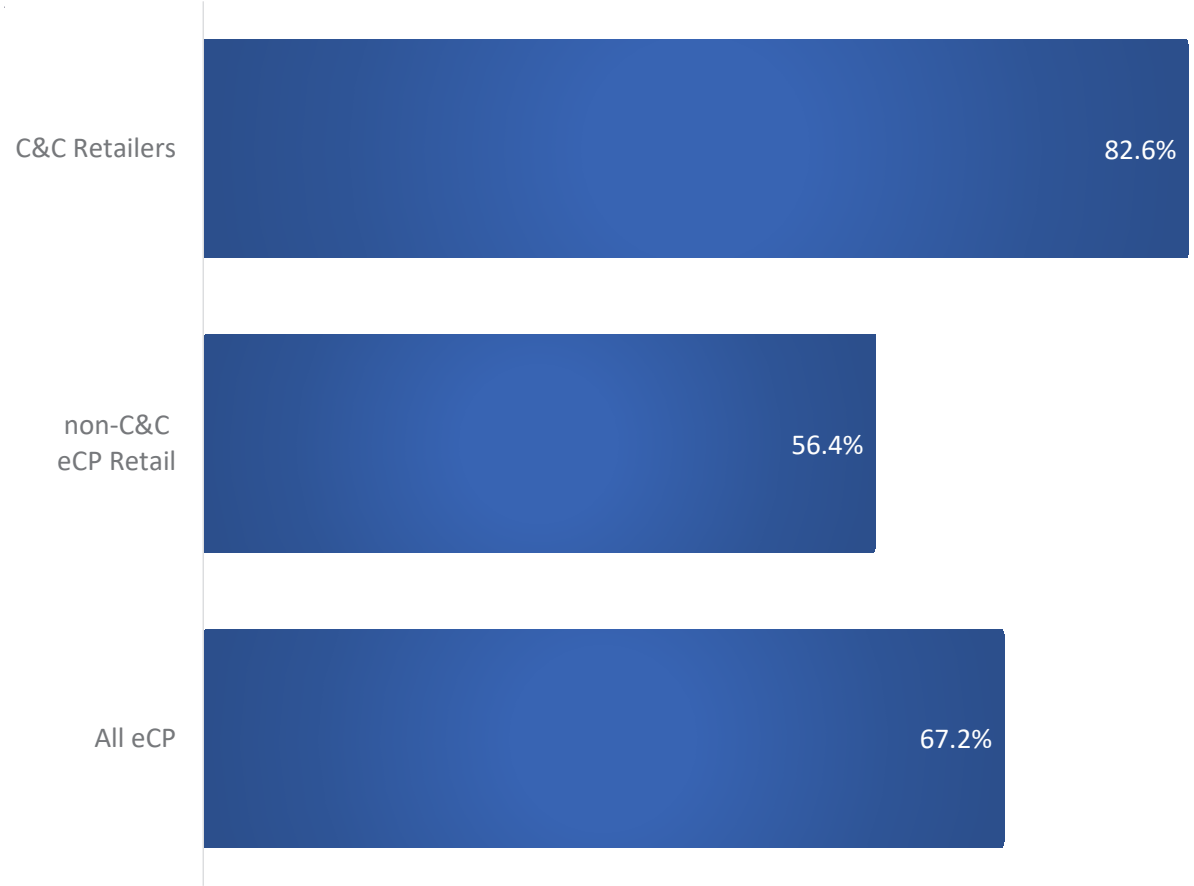
Having a favourable returns policy is important to consumers. In fact 82% of consumers state they will proceed with a purchase if there is a favourable policy in place.[4] Part of that policy includes whether an item can be returned to a physical store, even if it was purchased online. Known as Buy-Online-Return-In-Store (BORIS), it is equally popular with online only shoppers. It is interesting that among consumers, 60% prefer to return merchandise in-store regardless of the channel from which the item was purchased.[5]

Giving customers a BORIS option means retailers are making the entire purchasing journey easier (which includes returns). Thus far, this has been a distinct advantage bricks and mortar retailers have had over an online-only purchase. To the right, 82.6% of click and collect retailers offer BORIS options, compared to 56.4% for multi-channel retailers (non-C&C eCP retail). This speaks to the greater retailing sophistication of click and collect merchants, as BORIS encourages shoppers to choose the merchant in question.

Country comparisons show that 67.6% of retailers with an ecommerce platform and stores (multi-channel and omni-channel merchants - but excluding physical only merchants), offer BORIS to consumers. The Nordic region tops the list with 77.6% of retailers observed offering the service, whereas Australian merchants were least likely to offer BORIS services at 63.7%.

BUY-ONLINE-RETURN-IN-STORE BY RETAIL STRATEGY

N=1,010
Source: OrderDynamics, Jun 2017



	Retailer	With eCommerce		BORIS		Restocking Fee	
Country	Count	Retailers	%	Retailers	%	Retailers	%
USA	330	295	89.4%	195	66.1%	18	5.5%
Australia	200	179	89.5%	114	63.7%	2	1.0%
Canada	200	164	82.0%	116	70.7%	12	6.0%
UK	200	187	93.5%	128	68.4%	0	0.0%
Nordics	80	67	83.8%	52	77.6%	52	65.0%
Total	**1010**	**892**	**88.3%**	**605**	**67.6%**	**84**	**8.3%**

Days to Return

Allowances for returns is a tricky business. Merchants need to keep an eye on providing customers with favorable terms, remain competitive, and ensure returns abuse does not take place. On a worldwide basis, 30-59 day returns is the most popular allowance time for returning a purchased item.

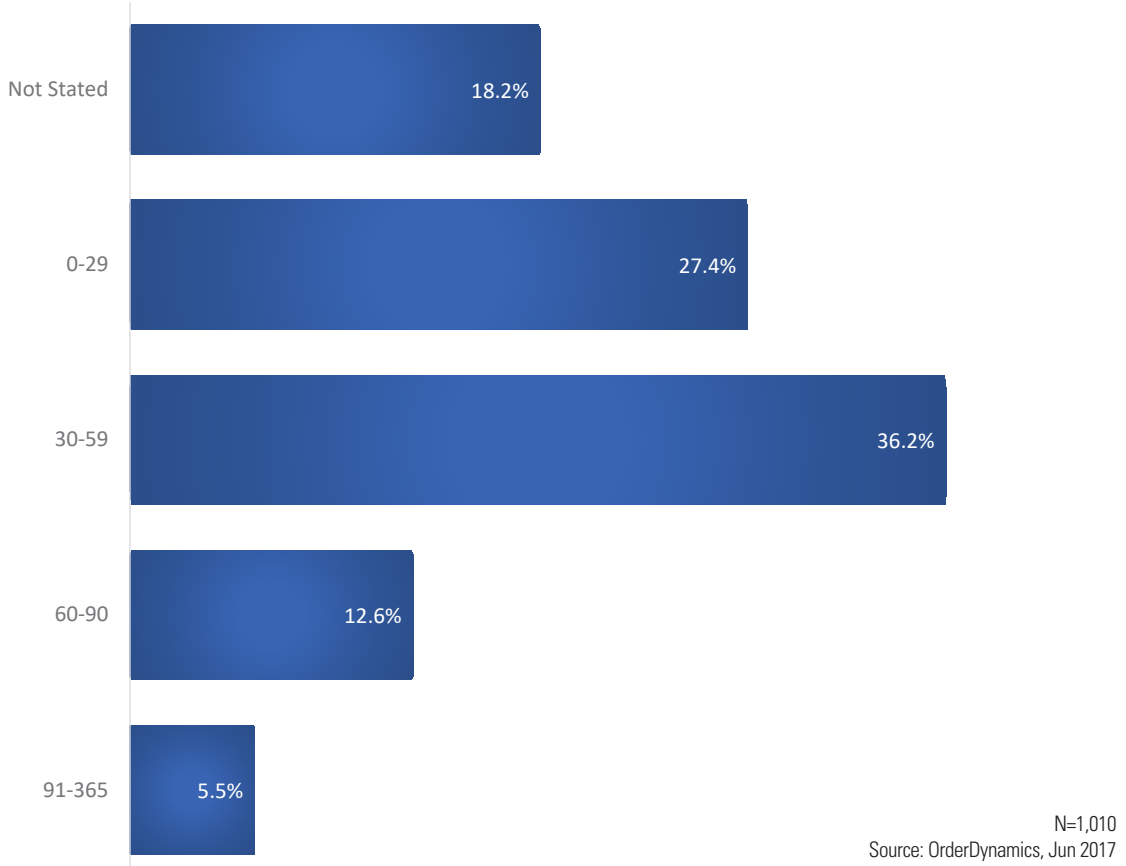
The Omni-1000 research found merchants in Australia, UK and Nordic regions to be least generous with the 'days to return items' term. For each country or region, the most popular terms were 0-29 days. As shown in the chart, 41.5% of Australian, 50.5% of UK and 41.3% of Nordic retailers state their return terms are within the 29 days of purchase.

Here lies an opportunity for retailers in Australia, UK and the Nordic region. Merchants may want to provide return terms which are more favourable to consumers, as a brand enhancing incentive - rather than moving to price discounting to drive more sales.

US and Canadian retailers provided better return policy periods at 36.7% and 49.5%, stating that returns are accepted within 30-59 days after purchase.

Current missed opportunities among retailers are the 18.2% who do not state their returns policy, or are unclear about the number of days customers have to return an item. As stated on the previous page, 82% of consumers will make an online purchase if the return terms are favourable.[4] Therefore, the current state of missing terms might convince consumers to shop elsewhere.

RETAILER RETURN DAYS ALLOWANCE



N=1,010
Source: OrderDynamics, Jun 2017

Country	Retailer Count	Days To Return Merchandise					Clear Return Policy	
		N/A	0-29	30-59	60-90	91-365	Retailers	%
USA	330	22%	9%	37%	24%	8%	281	85.2%
Australia	200	24%	42%	32%	2%	1%	172	86.0%
Canada	200	17%	15%	50%	16%	4%	195	97.5%
UK	200	7%	51%	31%	6%	6%	180	90.0%
Nordics	80	23%	41%	25%	4%	8%	63	78.8%
Total	**1010**	**18%**	**27%**	**36%**	**13%**	**6%**	**891**	**88.2%**

Return Allowance Ranges

As shown on earlier pages the 30-59 day returns allowance is the most popular range for merchants, worldwide. It is not merely for fashion and footwear, either. Most global retail sectors are skewed toward 30-59 day return terms. Exceptions include the health & cosmetics merchants, and consumer electronic goods. For these categories, 0-29 day return term are the most common.

Interestingly, Department stores return timings varied evenly across the 0-29, 30-59, and 60-90 day terms.

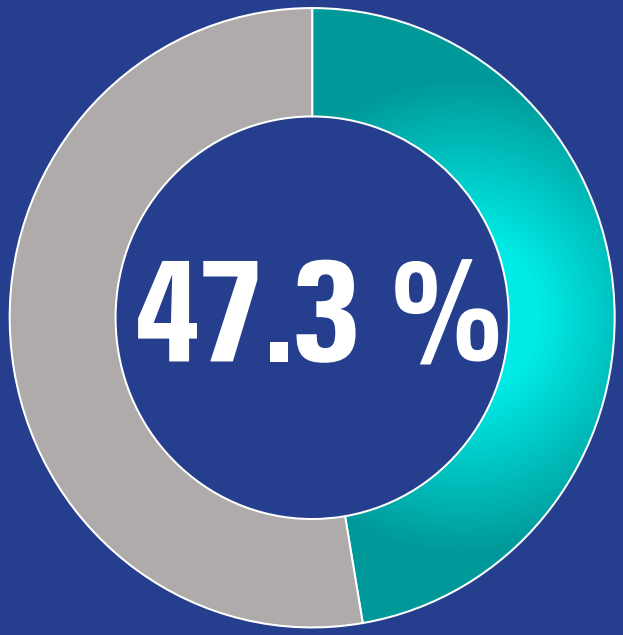
Retail sectors that did not do a particularly good job of stating the return terms (in days) were the Specialty goods, Home Furnishing, DIY | Auto | Industrial, Department stores, and consumer Electronics categories. Simply put, this is not a good practice, as returns are a significant part of the purchase decision for consumers. When reviewing return policies online, if a consumer feels confused about one retailer, but has clarity with another; all things being equal, that consumer will likely gravitate toward the retailer that provides more information about their return policy.

	Retailer	With eCommerce		Days To Return Merchandise					BORIS	
Retail Sector	Count	Retailers	%	N/A	0-29	30-59	60-90	91-365	Count	%
Fashion	395	357	90.4%	16%	29%	40%	10%	5%	253	70.9%
Specialty	105	90	85.7%	28%	24%	30%	14%	5%	47	52.2%
Home Furnishing	82	73	89.0%	23%	28%	33%	9%	7%	46	63.0%
Footwear	82	77	93.9%	6%	22%	43%	21%	9%	54	70.1%
Toys|Hobby|Sporting	73	65	89.0%	16%	19%	32%	16%	16%	48	73.8%
DIY|Auto|Indust.	67	50	74.6%	28%	15%	37%	18%	1%	34	68.0%
Jewellery|Access.	59	53	89.8%	10%	37%	41%	10%	2%	35	66.0%
Department	59	45	76.3%	25%	22%	24%	22%	7%	39	86.7%
Health|Cosmetics	52	50	96.2%	17%	37%	33%	12%	2%	28	56.0%
Electronics	36	32	88.9%	22%	47%	31%	0%	0%	21	65.6%
Total	**1010**	**892**	**88.3%**	**18%**	**27%**	**36%**	**13%**	**6%**	**605**	**67.8%**

N=1,010
Source: OrderDynamics, Jun 2017

OMNI-1000 Research: Global

order dynamics



"47.3% of retailers show click & collect options ONLY at the end of the online purchasing journey."

Omni-Channel World Wide

Globally, omni-channel retailing is still new to most consumers, and retailers. Aggregating all 1,010 retail sites reviewed, only 37.0% of retailers currently have buy online pickup in-store (BOPIS) capabilities, which is a core element of omni-channel retail. Falling short of providing shoppers with a click and collect option is akin to creating a burger, but missing the burger patty. Having the bun, lettuce, tomatoes and condiments alone, do not make a satisfying burger. Hence, to state that a retailer is executing an omni-channel strategy means they should have the ability to purchase in one channel, and pickup the purchase from another channel - in other words, omni-channel.

Inventory visibility is perhaps the most important starting point for omni-channel shoppers. Across the study, 68.4% of retailers showed at least a basic level of inventory visibility (in stock/out of stock). This figure drops to 35.2% with in-store product visibility, and 9.4% for stock visibility at a detailed level (store 1 has 3 items left). As shoppers become increasingly technology savvy, detailed visibility will grow increasingly common. Retailers should already plan for their technology upgrades in this domain.

More interesting yet, is that the retailing world includes two populations; those countries with advanced capabilities, and those with growth opportunities. Today, click and collect is deployed in 67.0% of UK retailers and 57.5% of Nordic region retailers. For omni-channel capabilities, these regions are advanced. Regions with opportunities to grow omni-channel capabilities include US at 29.1%, Australia at 25.5% and Canada at 23.5% deployments. Here retailers have the opportunity to advance rapidly, and continue to educate the consumer markets. BOPIS can be an important revenue driver. It provides consumers with greater flexibility, and options. Best of all, on a pickup, 58% of consumers buy more items while in store.[3] Simply put, this means retailers with active omni-channel practices grow sales revenue.

Free shipping is popular among retailers worldwide : 66.8% of all retailers offer it to shoppers, and 75.7% of ecommerce equipped retailers offering it. Most popular is free shipping for baskets $50 - $74 (USD), with 15.6% of retailers offering this range. Next most popular is $0 - $24 (USD) basket size, with 14.8% of retailers offering free shipping for orders in this range. This appears to be the Amazon effect where Amazon offers free shipping in the $24 - $30 (USD) range, depending on country.

Surprising is that among retailers offering omni-channel services like click & collect, only 55.1% advertise it on the front web page. More surprising is that US retailers were least likely to advertise in-store pickup services on their front web pages, with only 38.5% doing so today. This is a clear missed opportunity across the industry. BOPIS saves retailers the cost of shipping products to customers, and increases sales from additional purchases made on a pickup.

Not surprising is that 74.1% of retailers offer one pickup option (in-store), while only 22.2% offer 2 pickup options. Be it a pickup locker, curbside pickup, or pickup at a postal outlet - there are convenience options that will improve customers satisfaction, and loyalty. This area is another opportunity ripe for an expansion among retailers globally.

Consumers find click and collect to be an advantage because they can order and pickup a product right away. And 43.6% of retailers commit to an order being available for pickup within 24 hours, this is acceptable. Better is that an order is available in less than 4 hours, found in only 20.1% of retail sites investigated. This is definitely an area with an opportunity for non-price competition among retailers. With Amazon offering headline grabbing “Instant Pickup” offers, pickup timing will grow in importance.

Overall, countries like UK and Nordics have done a good job at deploying omni-channel retail practices. There is still room to grow, as even the top omni-channel country (UK) shows 67.0% retail penetration. Countries like Canada have significant catching up to do as only 23.5% of retailers offer BOPIS to customers. As omni-channel retailing grows in importance both for growing sales revenue, and to improve margins - retail technology like order management systems also become increasingly important. Retailers are well advised to consider their technology choices carefully, for functionality, and order capacity - to best represent their brands, and win in the new omni-channel realm.

OrderDynamics is the world's leading Cloud-based Distributed Order Management Systems provider (OMS / DOM). Focused on powering retail fulfillment, OrderDynamics helps clients win over omni-channel retail shoppers. Our OMS systems gives clients capabilities like order orchestration, real-time inventory visibility, intelligent order routing, returns management, customer service, store driven fulfillment, and order shipment consolidations.

OrderDynamics gives merchants advanced options like click and collect, ship-to-store and ship-from-store. We help retailer create seamless brand experiences using your online and physical store assets. Iconic brands including Speedo, Quiksilver, Columbia Sportswear, J.McLaughlin, JYSK, Princess Auto, Bouclair Home, DeFacto, Brown's Shoes, Crabtree and Evelyn, and Wesfarmers, use OrderDynamics technology across North America, Europe, Asia, and Australia.

ORDERDYNAMICS CORPORATION

Visit www.OrderDynamics.com for more information about Order Management Systems and how we can help optimize your Omni-Channel Retail Business

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