tcs OmniStore™

Building on belief

Unified commerce: State of industry report 2022

Centralizing commerce platforms to strengthen customer relationships

RETAIL INFO SYSTEMS
RIS
POWERING INTELLIGENT COMMERCE

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Sponsor perspective

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Customers own their shopping journeys; the decision to start on one channel and finish in another is entirely theirs. And they expect this journey to be dotted with context and convenience. The future of commerce is all about brands having the ability to handle the mesh of customer journeys and delivering seamless, personalized, and convenient shopping experiences. This requires retailers to unify all channels and data to obtain a single view of customers, transactions, orders, and inventory across channels.

Retailers should explore options that allow them to construct their own commerce platform from a wide range of composable commerce capabilities to offer search and browse anywhere, add to cart anywhere, checkout anywhere, and with multiple payment and fulfillment options.

Today, this doesn't have to be a multi-year transformation project calling for major overhauls. The ability to reuse existing investments and execute strategic build vs buy decisions is a key advantage in ensuring faster time to market.

TCS OmniStore™ is an AI-powered future commerce platform that enables a unified, frictionless, and personalized customer experience across all touchpoints, regardless of where, how, or when customers engage with retailers. It broadens the selling opportunity and drives business growth with new capabilities such as mixed baskets and the ability to sell on new touchpoints, with ease. Additionally, retailers can extend these capabilities to serve future shopping avenues like voice-based shopping, fully autonomous formats, metaverse and so on, without having to rebuild the platform from scratch.

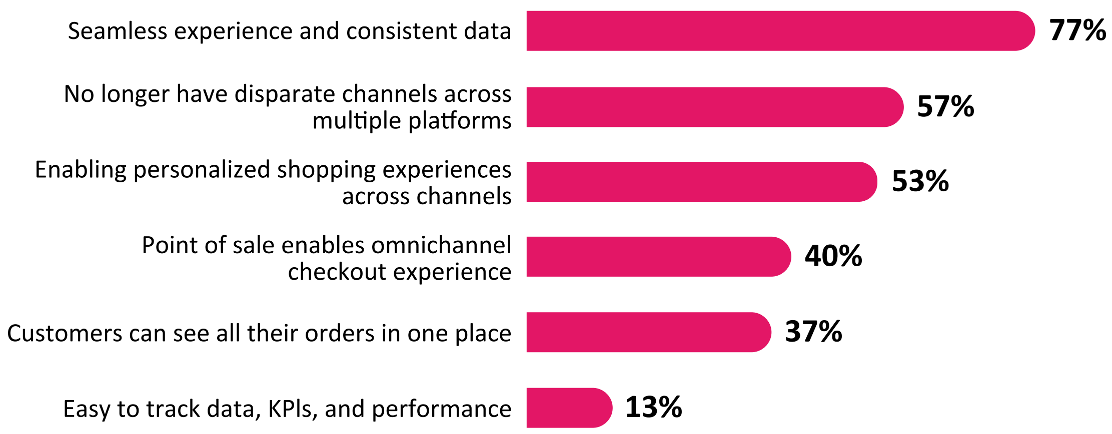
Retailers using TCS OmniStore™ have experienced a 10% boost in sales through cross-selling, upselling, and personalization; a 5X reduction in average checkout time and upto 30% reduction in labor hours with lean operations.

Your ticket to omnichannel success

Today's customers interact with brands across multiple touchpoints. They expect a seamless and personalized experience regardless of where they choose to shop — in-store, online, or mobile. Customer journeys are increasingly non-linear, and the ability to drive value and convenience across paths to purchase has become a strong differentiator.

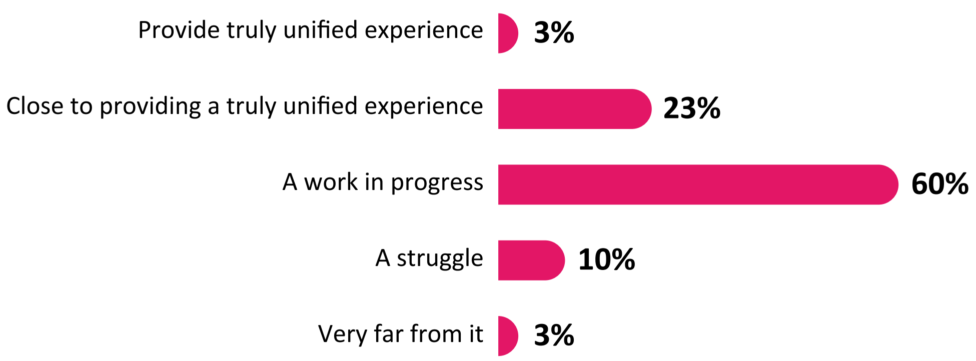
Read on for exclusive RIS research that benchmarks the current state of unified commerce platforms across the industry, and pinpoints where your peers are investing to create meaningful connections with customers.

Figure 1 | Perceived definitions of unified commerce



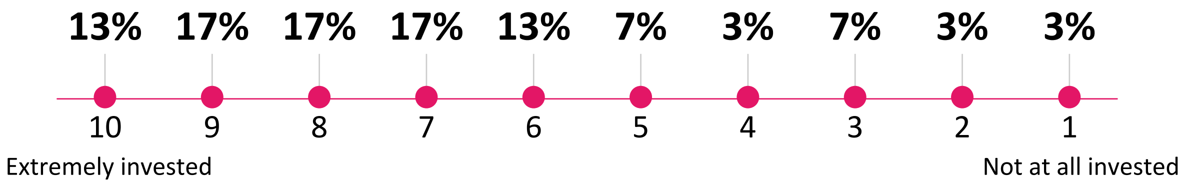
There is very little variation in how retailers view unified commerce with 77% believing it means a 'seamless experience and consistent data' (Figure 1). More than half consider it to provide a shopping experience on a single platform and the ability to have a personalized shopping experience across channels (57% and 53%, respectively). When defining unified commerce, few (13%) consider the back-end benefits such as easier tracking of data, KPIs, and performance.

Figure 2 | Assessment of organization's ability to deliver unified experience across channels



It appears most retailers understand the benefits of unified commerce since most retail organizations are at least working toward delivering a unified experience across channels, with 60% categorizing their organization as 'a work in progress,' while almost a quarter (23%) are at least 'close to providing a truly unified experience' (Figure 2). Retailers have room to improve their customers' experience with only 3% currently providing a 'truly unified experience.'

Figure 3 | Organization's level of buy-in or investment in unified commerce space



With most retailers at least working toward offering a unified customer experience, over six in 10 (64%) are invested in the unified commerce space, with 30% being very or extremely invested (Figure 3). Only 6% of retailers are not invested.

Figure 4 | Ideal composition of unified commerce platform

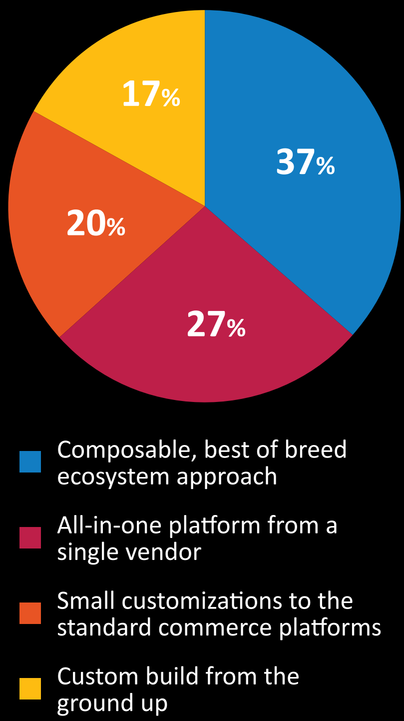


Figure 5 | Customer experiences significant to shoppers retailers rated most or very important

57% Consistent experience across channels

17% Availability of in-store tablets to order product currently not available in store

49% Product availability

13% Personalized or guided selling

31% Faster checkout

3% Loyalty programs

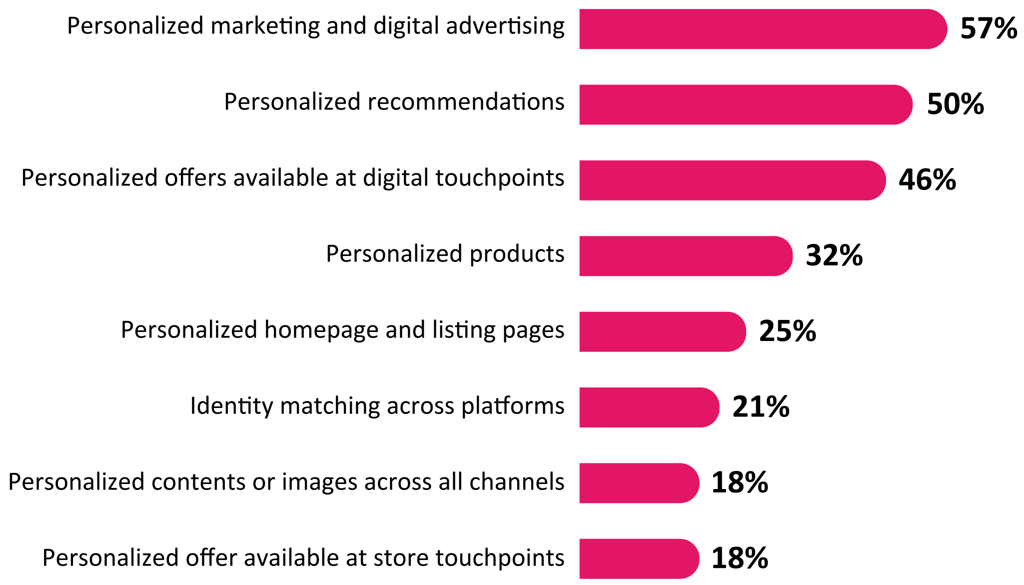
30% Consistent pricing and promotions across channels

0% Flexible return policy

Once buy-in or investment in the unified commerce space is established, retailers need to consider the ideal composition of the platform. More than a third (37%) envision a platform pieced together using the best components available — a 'composable, best-of-breed ecosystem approach' (Figure 4), while over a quarter (27%) think that an all-inclusive platform would be the best option ('all-in-one platform from a single vendor'). Other retailers (20%) would select a standard commerce platform requiring small customizations and the choice of 17% of retailers would be a fully customized platform built 'from the ground up.'

Retailers recognize there are several elements significant to customers as they shop. For almost six in 10 (57%) retailers, a consistent experience across channels is top two in importance for their customers (Figure 5). Related to the overall experience, 30% of retailers think their customers place very high importance on consistent pricing and promotions across channels, eliminating the need to check price across a retailer's channels. Product availability and faster checkout are also important aspects of an ideal shopping experience of retailers' customers, while retailers think they place less importance on loyalty programs, return policies, personalized selling, and availability of in-store tablets.

Figure 6 | Organization's current personalization capabilities



Unified commerce platforms also allow retailers to offer their customers a more personalized shopping experience. As more than half work toward offering their customers an integrated shopping experience across available channels, personalization capabilities shouldn't be ignored. Personalized marketing and digital advertising (57%), personalized recommendations (50%), and personalized offers available at digital touchpoints (46%) are retailers' top personalization capabilities (Figure 6). However, it seems more difficult to offer it in the stores with only 18% currently able to make personalized offers available at store touchpoints. Fewer retailers have capabilities related to the connection of platforms and channels. Only 21% have identity matching capabilities across platforms, while less than one in five (18%) have the ability to personalize content or images across all their channels.

Figure 7 | Flexibility and Innovation of point of sale (POS) platform

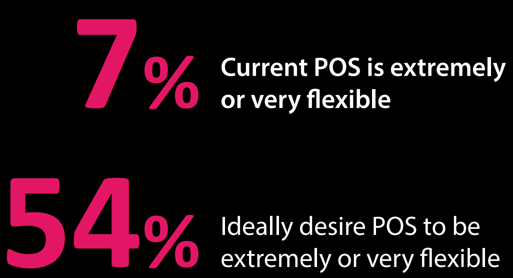
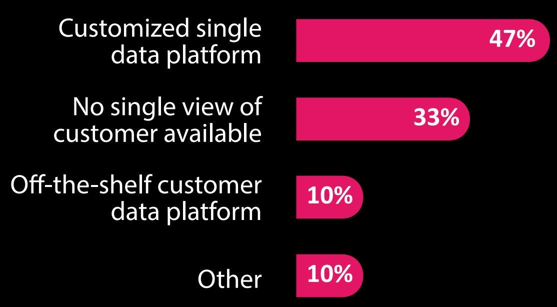


Figure 8 | Type of platform used to build a single view of customer across channels

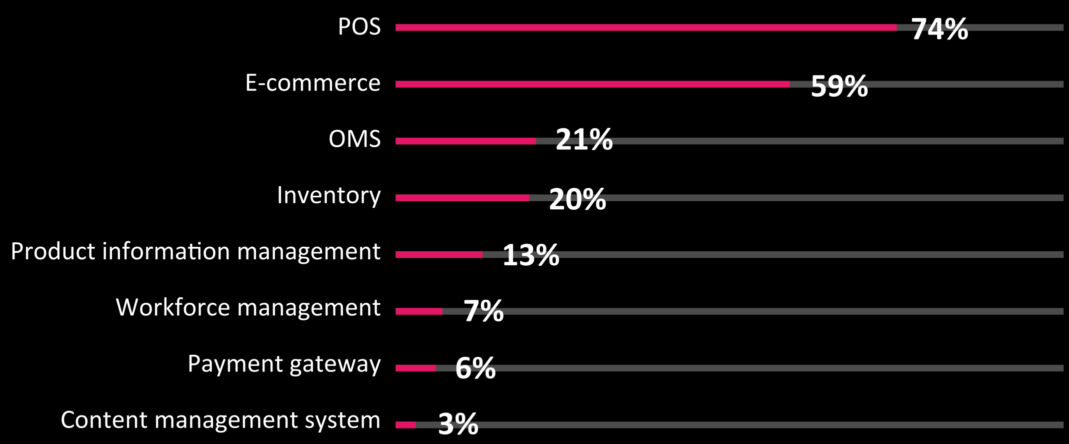


Investments in point-of-sale (POS) platforms is likely necessary for most retailers as they work toward unified commerce. Over half (54%) of retailer respondents desire an extremely flexible checkout platform, but only 10% of retailer respondents say they currently offer that level of flexibility (Figure 7).

In fact, almost one in five (17%) characterize their current POS platform as having very little or no flexibility.

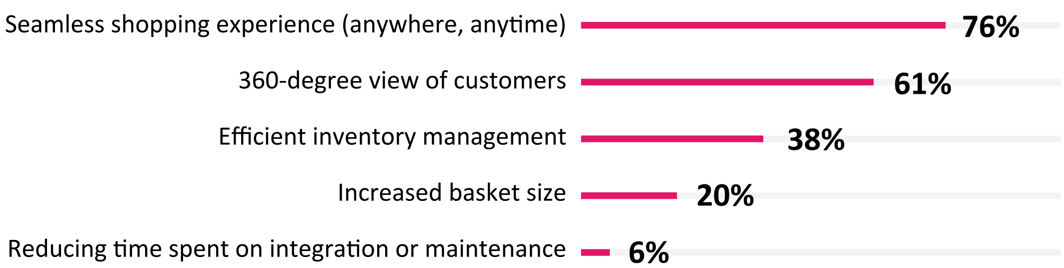
Retailers who know their customers can more easily provide a consistently optimal shopping experience across channels. The capability of building a single customer view helps retailers learn about their customers more efficiently by keeping data on shopping habits and product preferences, gathered from different channels, in one place. Almost half (47%) of retailers use a customized single data platform to build single views of customers across channels, while one in 10 (10%) opt for an off-the-shelf customer data platform (Figure 8). Despite the value of easily accessible single customer views, a third (33%) of retailer respondents do not currently have the capability to build single views of their customers across channels.

Figure 9 | Importance of unified commerce platform capabilities (ranked top 2)



Although uniform commerce platforms offer a variety of capabilities, retailer respondents say that POS and e-commerce are the most important with 74% and 59%, respectively, saying they are top two in importance (Figure 9). Few find other capabilities including order management systems (OMS), inventory, product information management, workforce management, payment gateway, and content management system as important to their organizations. Many of the retail respondents do not consider workforce management to be an important unified commerce platform capability with almost two-thirds (64%) rating it as least important (ranked as last two).

Figure 10 | Importance of unified commerce platform benefits (ranked top 2)



Unified commerce platforms provide a host of benefits in building customer relationships, but most retailers (76%) consider a seamless shopping experience to be one of the top two most important benefits (Figure 10). Over six in 10 (61%) also find a 360-degree view of the customer to be a key advantage despite a third of retailers not having this capability available to them. Significantly fewer retailer respondents consider increased basket size and reduced time spent on integration or maintenance to be important benefit.

Figure 11 | Unified commerce capabilities - upgrade status

	Up-to-date technology in place	Started but not finished major upgrade	Will start upgrade within 12 months	Will start upgrade within 12-24 months	No plans
Real time order and inventory visibility across channels	33%	47%	10%	10%	0%
Unified pricing and promotions	35%	41%	17%	3%	3%
Data-driven insights	30%	37%	27%	3%	3%
Unified customer view across channels	20%	43%	20%	10%	7%
Unified returns	20%	40%	20%	7%	13%
mPOS	23%	33%	23%	3%	17%
Endless aisle	23%	33%	10%	13%	20%
Start anywhere, fulfill anywhere (unified cart across channels)	17%	37%	10%	17%	20%
Single payment platform across channels	17%	30%	27%	13%	13%
Cross-channel; loyalty and rewards	17%	27%	30%	13%	13%
Al-driven personalization	14%	24%	28%	10%	24%
Moving to MACH (microservers, APIs, cloud, headless) architecture	10%	23%	23%	10%	33%
Clienteling	0%	22%	22%	15%	41%
Virtual assistance	3%	7%	17%	40%	33%

With continuous advancements in technology, upgrading unified commerce capabilities is vital in providing customers an optimal shopping experience. Most have upgraded or are in the process of upgrading real-time order and inventory visibility across channels (80%) and unified pricing and promotions (76%) (Figure 11). Retailers also appear to appreciate the importance of learning about their customers as many have at least started major upgrades to capabilities related to data driven insights (67%) and unified customer views across channels (63%). Clienteling and virtual assistance are capabilities few or no retailers have upgraded, with over four in 10 (41%) and a third (33%), respectively, having no plans to do so. However, over half (57%) of retailers have plans to upgrade virtual assistance capabilities within the next 24 months.

Methodology

Figure 12 | Annual revenue

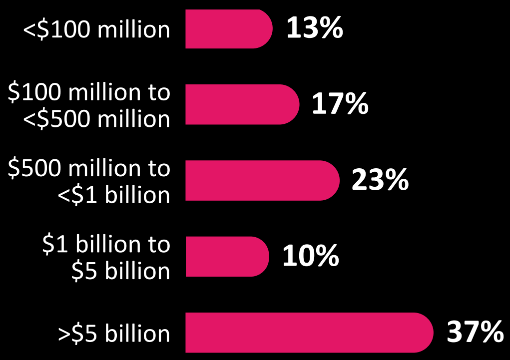


Figure 13 | Retail segment

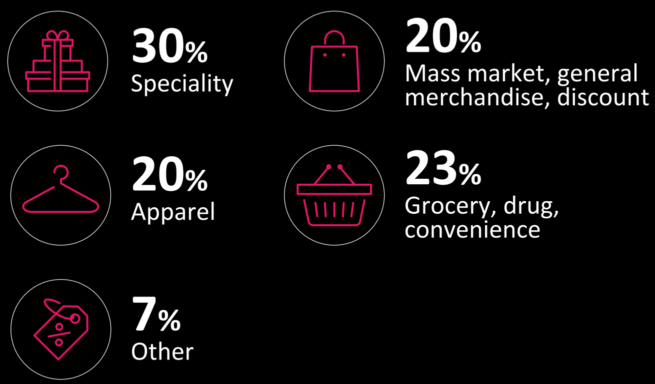
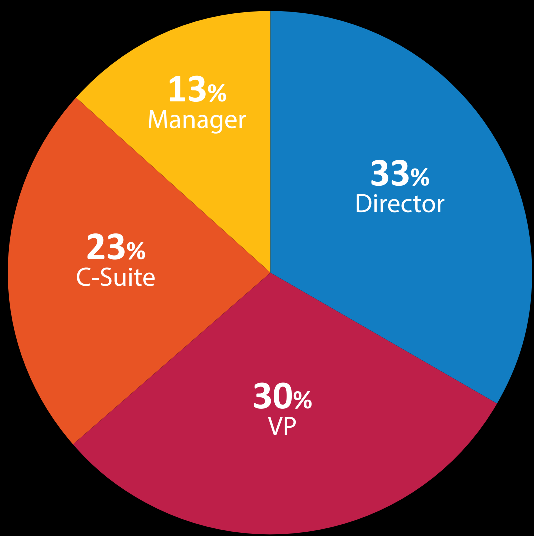


Figure 14 | Core business function

- 47% IT, technology
- 13% Marketing
- 13% Omnichannel, digital commerce
- 10% Store operations
- 7% Supply chain
- 3% Merchandise management
- 3% Customer management, sales
- 3% Other

Figure 15 | Job title



This study was conducted from June 16 through the end of June with targeted retail executives from both large- and small-scale retail chains. Almost half (47%) of respondents work at retail companies with at least $1 billion in annual revenues, and over a third (37%) have more than $5 billion (Figure 12).

Respondents were recruited across specialty (30%); grocery, convenience, drug (23%); mass market, general merchandise, discount (20%); and apparel (20%) retail segments, with 7% categorizing themselves as 'other' (Figure 13).

Almost half (47%) of respondents work in IT, technology (Figure 14), with over half (53%) having a job title of vice-president or higher (Figure 15) and a third (33%) are directors.

Conclusion

As technology advances, retailers have more opportunities to connect with their customers through various channels, offering them the convenience of shopping 'anywhere at any time.' Customers are looking for a consistent shopping experience regardless of the channel they choose.

Most retailers understand the importance of making that seamless experience available to their customers, but few are currently equipped to deliver it. However, there are many retailers working toward that goal by starting or upgrading their unified commerce technologies. To remain competitive, retailers will need to gain momentum in creating their ideal unified commerce environment.

Key findings

77% For most retailer respondents, unified commerce means a 'seamless experience and consistent data'.

3% Only 3% of retailers are currently providing a 'truly unified experience' with most at different stages of working towards that goal— 60% are a 'work in progress' and 23% are 'close to providing a truly unified experience.'

30% Less than a third of retailers describe their organizations as being very or extremely invested in the unified commerce space.

33% A third do not have single views of their customers available to them.

61% Most retailers consider a 360-degree view of customers an important unified commerce platform benefit.

74% Three-fourth of retailers rate POS as the most important unified commerce platform capability, followed by e-commerce (59%).

76% The significance of e-commerce capabilities is further emphasized as most retailers rate 'seamless shopping experience (anywhere, anytime)' as an important unified commerce platform benefit.

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