

Is the Retail Industry Finally Ready to Deliver on Omnichannel Fulfillment?



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Grappling with high costs, soaring volume, looming recession and pinballing consumer preferences, retail businesses of all sizes have no choice but to prioritize omnichannel fulfillment to create flawless shopping experiences everywhere — and every time.

But are retailers truly prepared to tackle this emerging challenge and still grow? Does their readiness align with what consumers expect from an omnichannel experience? Amazon has set the bar high, and consumers don't care whether they are buying from an enterprise retailer or a mom-and-pop shop. Retailers must mirror flawless fulfillment experiences in the eyes of consumers no matter what. So what types of technology will businesses rely on to close that gap?

Conducted by Deposco and Retail Dive, a survey of 150 retail organizations — including online/e-commerce stores, specialty stores, department stores and grocery stores/supermarkets — pulls back the curtain on omnichannel readiness, gauges effectiveness of current omnichannel investments and reveals the technologies that retailers will rely on to improve omnichannel fulfillment.

While omnichannel fulfillment may not be for every retailer, this report reveals that the vast majority agree:

Omnichannel fulfillment is not only important now, but also will be invested in and improved on in the near future.





In addition, retailers are attempting to understand and anticipate what consumers want from their shopping experiences — and they're searching for technology to help them pivot with faster changes, without compromising profitability.

"The results tell us that it's a bit of the wild west in terms of prioritizing initiatives and determining where to put resources, time and effort," says Justin Stone, senior vice president of customer success at Deposco. "That's the crux of the issue with omnichannel fulfillment: There's no silver bullet, but technologies that bring the right balance of cost control, customer service excellence, and flexibility to change can provide protection and confidence against ever-evolving bumps in the road."

These exclusive data and expert insights will help retailers evaluate how their performance and current/future omnichannel readiness compares to peers, gain insight into how other retailers are preparing to drive omnichannel growth and identify gaps in omnichannel readiness.

Where Are Retail Sales Coming From?

Despite obvious growth in e-commerce, brick-and-mortar shops are still going strong. Currently, 60% of respondents say that brick-and-mortar shops are their number one source of sales.

Brand websites (35%) and online marketplaces (33%) are runners-up, with e-commerce sales coming primarily from consumers who choose to buy online and ship to their homes vs. curbside pickup or shipping to a retail site.

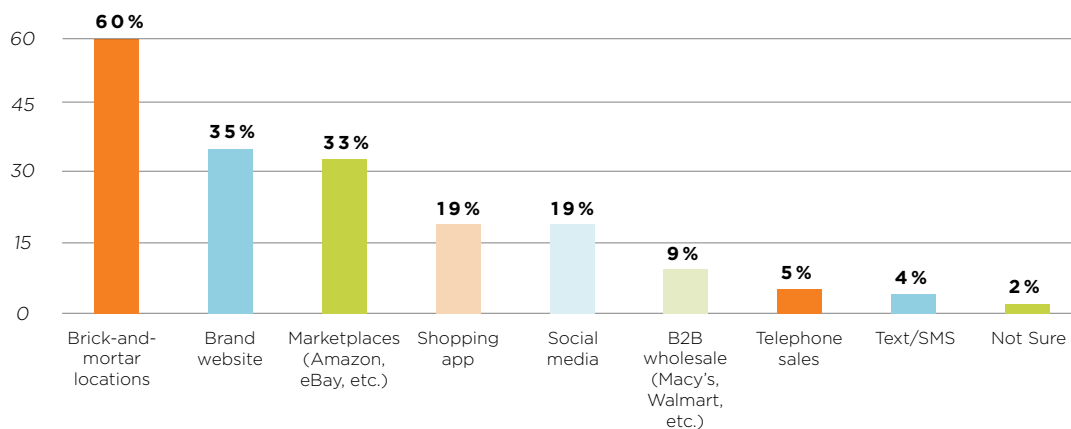


60%

say that brick-and-mortar shops are their #1 source of sales

QUESTION:

Which channels currently provide the most sales volume for your organization?



This is an obvious sign that brick-and-mortar stores are here to stay — but so is online shopping. Both are key to creating a serious omnichannel strategy, which places higher pressure on retailers to meet consumers wherever they are.

“Omnichannel is the recognition of and appreciation that customers are going to choose to shop in different ways at different points in time based on the urgency of their requirements,” says Will Lovatt, general manager and vice president at Deposco. “Their needs are going to change over time. Customer requirements continue to evolve.”

For example, he says the early stages of e-commerce were led by consumers who wanted to own new products sooner than everyone else. Now it’s driven by time and convenience, with shoppers buying items like diapers and dog food online instead of unique items they can’t find in stores.

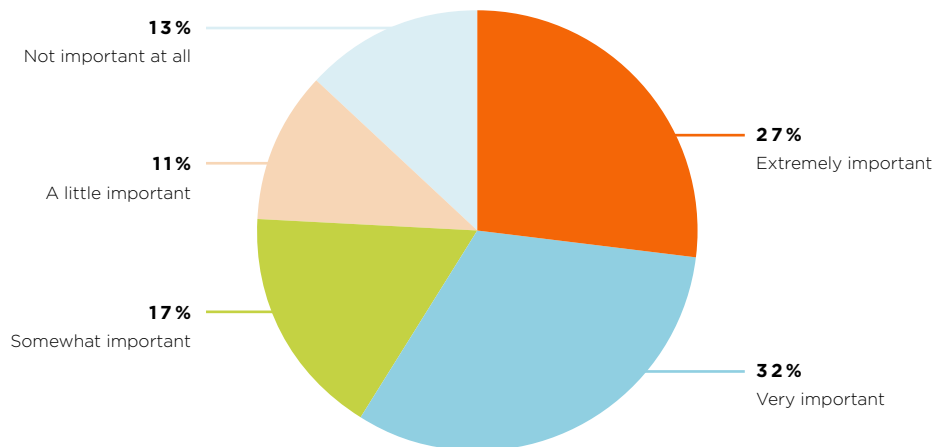


Following the Omnichannel Journey

No matter where retailers are along their journeys, the vast majority say that omnichannel fulfillment is important: Only a small group struggles to find its value.

QUESTION:

How important is omnichannel fulfillment to your organization?

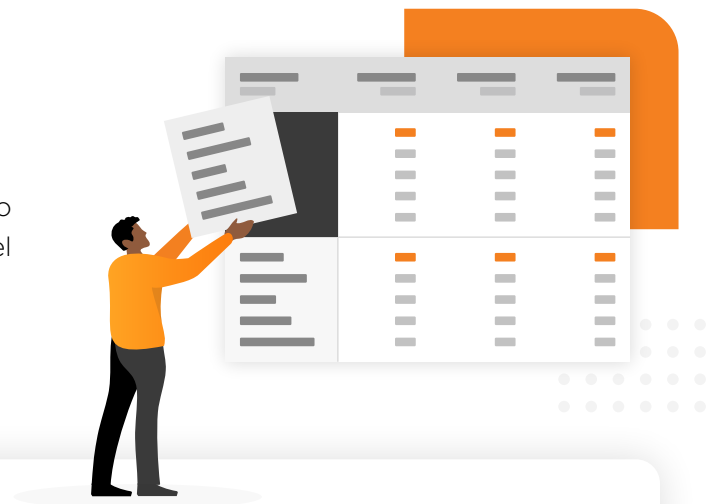


“There will always be late adopters,” explains Lovatt, “but these results make a pretty stunning business case for omnichannel. The retailers that don’t see the value now will eventually want to follow the majority. When their customers pull them toward it, they’ll have to respond.”

While 87% of respondents recognize the importance of omnichannel, most aren’t very far along in creating true experiences—which means there’s still time to make a mark. When asked about the status of their omnichannel fulfillment, 25% indicated complete satisfaction — an interesting number indicating that retailers may not fully understand what’s possible with omnichannel.

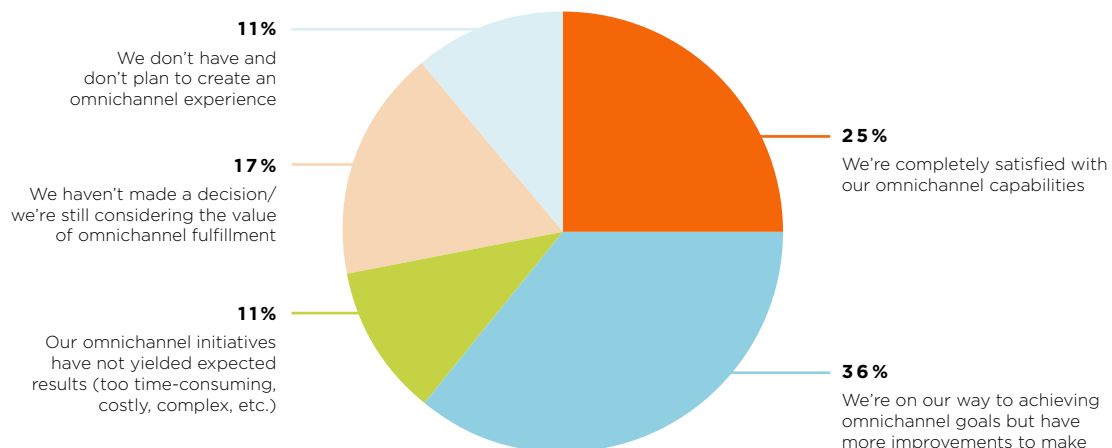
“In a world that’s as dynamic as ours, it would be difficult to ever be completely satisfied,” explains Lovatt. “This number feels alien to the world which we live in. There are supply chain pressures, new channels opening up and changing preferences among shoppers. With these shifts, I would expect an ongoing level of equally dynamic consideration of what should be done next year, next month and even next week.”

Stone agrees, and points out that there may be confusion or misinformation within the industry about what omnichannel fulfillment is — and what it can become. “I don’t know anyone who thinks they have it figured out,” he says. “If you define omnichannel as having a website and marketplace, then it’s time to go deeper. It’s a sophisticated engagement model that involves being proactive and engaged with customers and having the ability to see all inventory in one place.”



QUESTION:

What is the current status of omnichannel fulfillment within your organization?

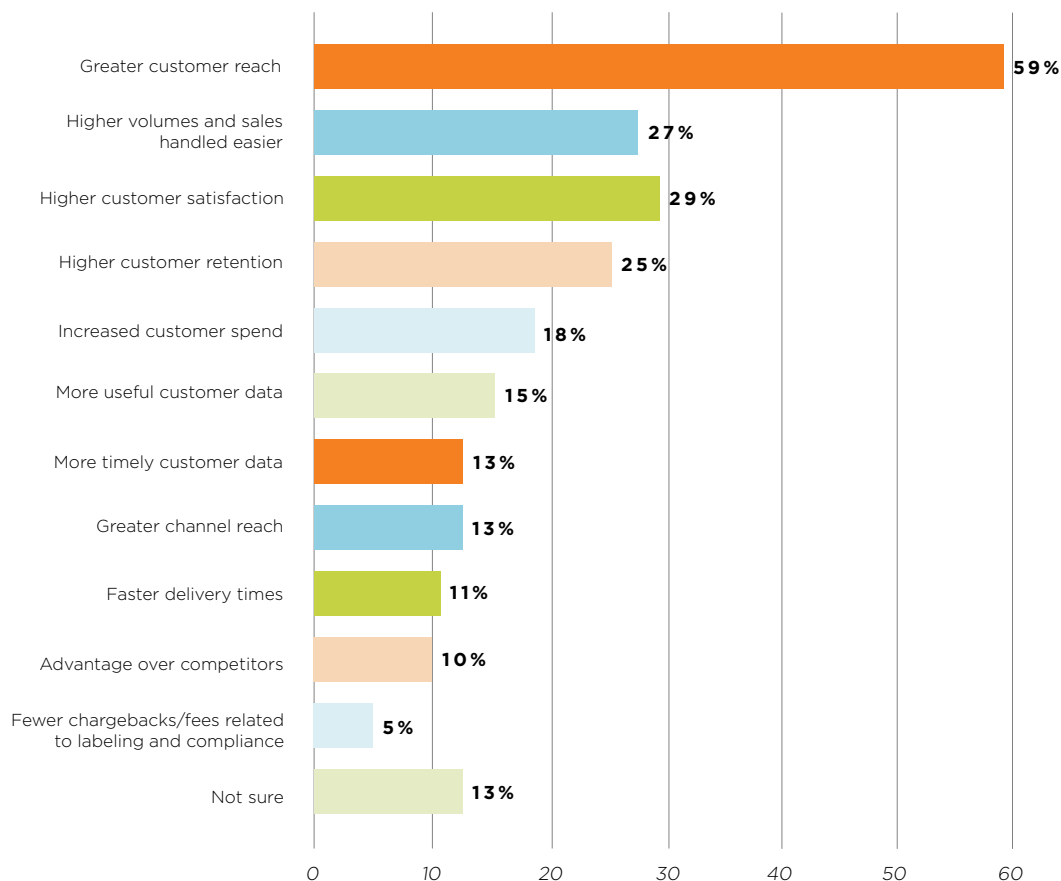


Retailers that are farther along are seeing impactful returns. The biggest effect by far is on customer reach: Respondents say they're connected with more customers in more places through omnichannel fulfillment strategies. Because their products are available and easy to purchase through whatever channel their customers use — in-store, text, website, etc. — they're naturally reaching a wider group than retailers that offer products across only one or two platforms.

More than one-quarter of retailers are also seeing higher customer satisfaction levels, higher sales volumes, easier transactions and greater customer retention — all from prioritizing omnichannel fulfillment.

QUESTION:

What are the top three impacts your organization sees from omnichannel technology investments so far?



Retailers that haven't started down the omnichannel path yet have their reasons, and it's not because they don't see the value. Instead, there are seemingly insurmountable obstacles in the way.

The biggest challenge comes down to lack of time and resources (35%). "It's almost a self-fulfilling prophecy," says Lovatt. "Part of omnichannel fulfillment is finding efficient, effective ways to operate in this changing environment. The right technology enables you to be more flexible, offer better customer service and do more with less to improve profitability."

In other words: Making an investment in omnichannel creates the time and resources that many retailers need. Once they realize that, he explains, it becomes harder to find a reason to delay putting automation and technology in place.

Nearly one-quarter (23%) of respondents cite lack of in-house tech expertise as the reason they're not pursuing omnichannel fulfillment.

"Especially in mid-market retail, they're not going to have large IT staffs," explains Stone. "Finding a partner with a consultative approach is key — someone who can help you understand your business, determine what's working and what isn't, and navigate the landscape of solutions to resolve your issues."

Another 21% still get by with manual processes, so there isn't a pressing need — at least not yet. If these same retailers were asked this question a few years from now, however, they may likely have a different response.

"If you don't step up and satisfy those omnichannel demands, somebody else will," emphasizes Stone. "That's the point of omnichannel: The consumer orders what they want when they want it, and at the location they want it, and you deliver on it. Either you're part of that readily available network or you're not. If you're not, then another retailer will be."

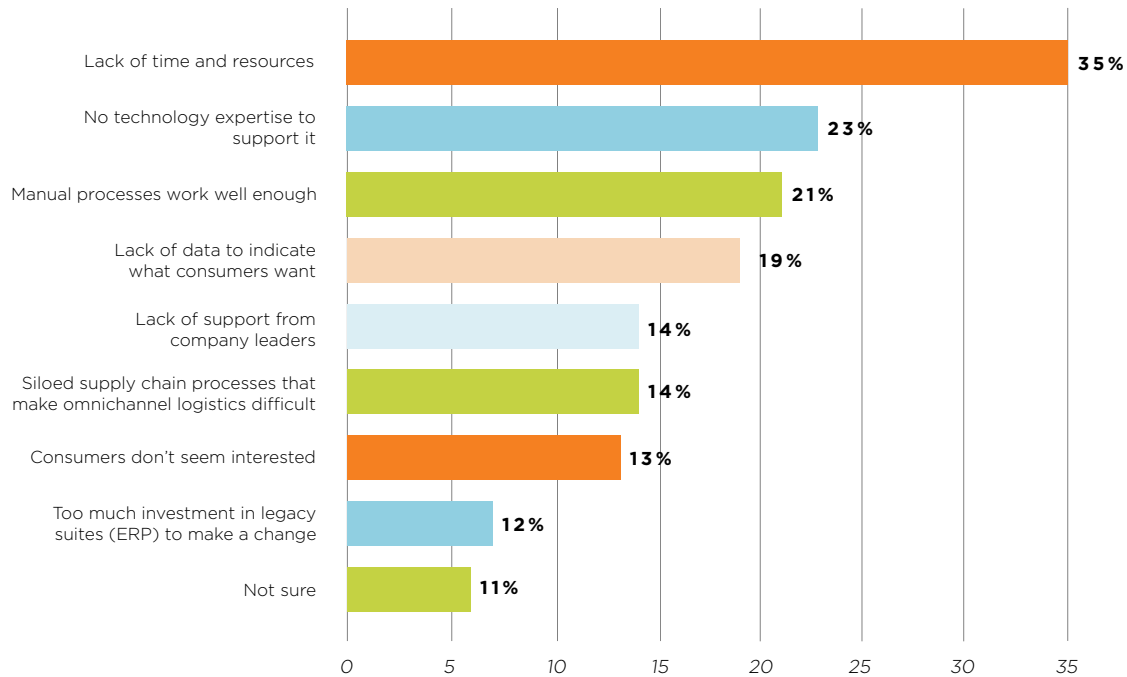


23%

cite lack of in-house
tech expertise
for not pursuing
omnichannel

QUESTION:

What are the top three challenges preventing your organization from investing in omnichannel fulfillment?



Most retailers admit there's room for omnichannel improvement, which means they need greater insight into consumer habits and preferences. From where they sit, they see three main areas to improve upon:



37%

want to better
personalize the
online experience



21%

want to bring a more
human element to
the online experience



29%

want to improve the
in-store experience
with technology

What Retailers Anticipate for Future Omnichannel Investments

When it comes to near-term spending, most retailers (63%) plan to invest in omnichannel fulfillment this year and next year, making it a top priority. Survey respondents also have ideas about where and how they'll direct investments to improve in-store and online experiences.

When it comes to improving in-store experiences, retailers are focused on inventory — as they should be. Creating an accurate, real-time representation of in-store and online inventory is a priority for nearly half of respondents.



63%

plan to make investment in omnichannel a top priority in 2023-24



For omnichannel fulfillment to work, you must have reliable sources of inventory across every location," says Stone, "and they must be monitored in real time. A quality inventory solution that can track warehouses, dark-store fulfillment centers and retail locations is an essential component. Once you've established this, you can build experiences from there."

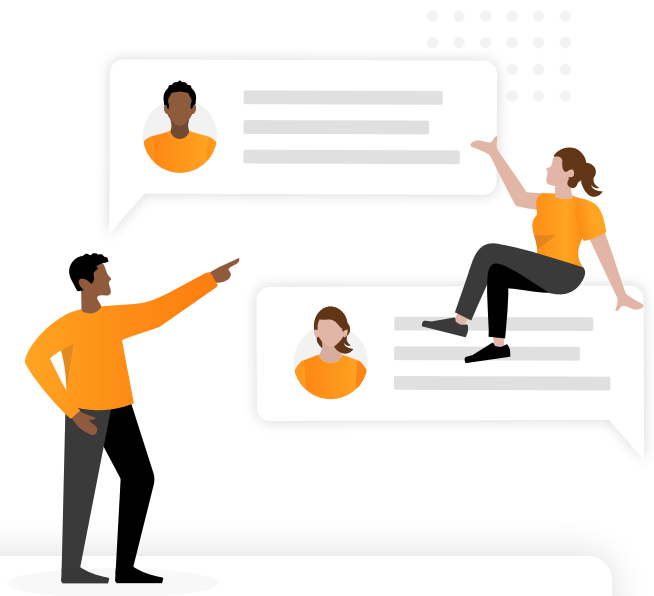
Justin Stone

Senior Vice President of Customer Success
Deposco



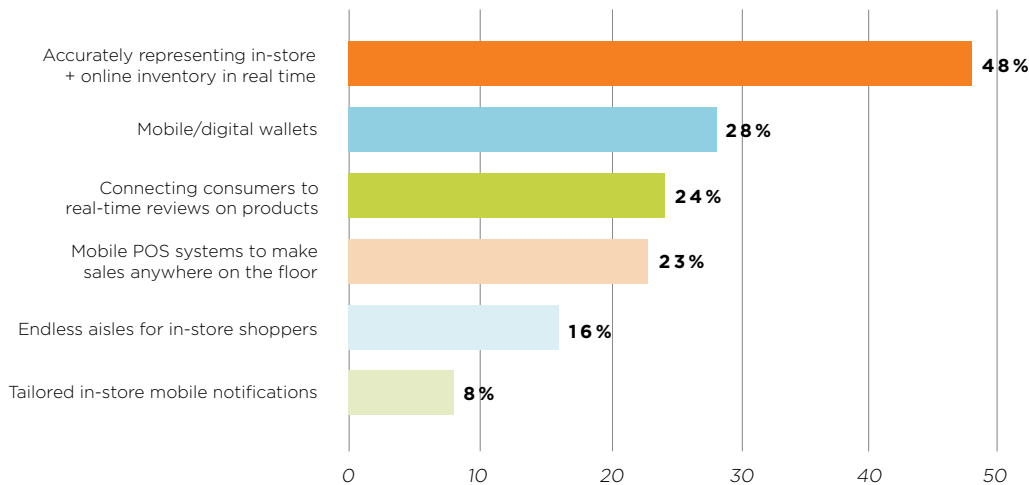
Other planned in-store improvements include connecting consumers to real-time product reviews (24%), which can play an important role in purchase decisions and spark higher sales. These reviews can also prevent shoppers from having to use a browser to search for reviews online while they view a product on the store shelf.

Mobile POS is a priority for 23% of retailers, which will allow their employees to process payments from anywhere in the store instead of sending consumers to the front to wait in lines.



QUESTION:

In which in-store omnichannel improvements does your organization plan to invest in 2023-2024 (select up to three answers)?



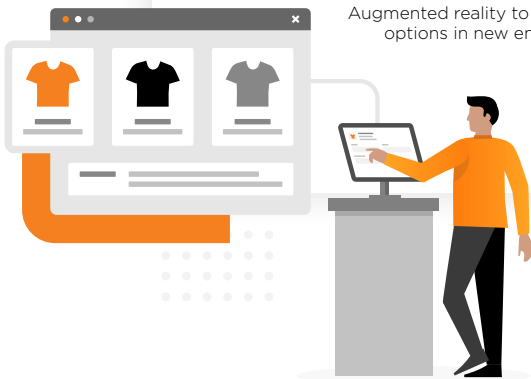
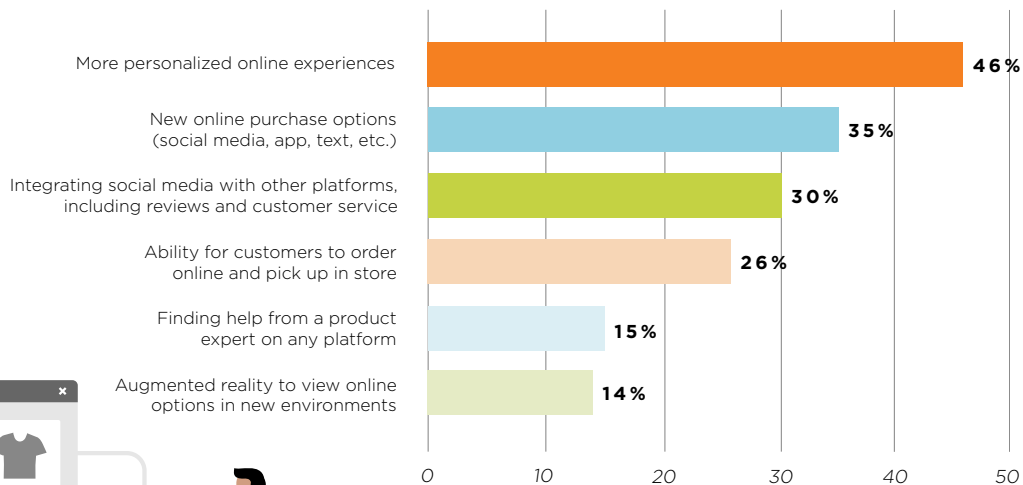
To improve online shopping, 46% of retailers planning online improvements want to create more personalized experiences through tailored recommendations based on purchase history, remembering and displaying shopper preferences, and offering pre-order options for new products.

“Personalization is often seen as a key piece of omnichannel,” says Lovatt. “This tells me that sellers want to have better relationships with customers. They want to be able to understand how customers prefer to research and buy products instead of just offering up a random product on the screen. If you’re competing based on pricing or availability, you’re probably going to lose. There has to be a value-added service, which comes down to personalization.”

Other planned online improvements include offering new purchase options (35%) and integrating social media with reviews and customer service (30%).

QUESTION:

In which online omnichannel improvements does your organization plan to invest in 2023-2024 (select up to three answers)?



Technology to Support Omnichannel Fulfillment

“Technology helps automate and bring things together to make omnichannel possible,” says Stone. “It’s the fabric that most retailers are looking for to weave it all together.”

Among surveyed retailers, 83% currently use some form of omnichannel fulfillment technology. Top tech investments include:



45%

Retail fulfillment solutions



31%

Customer data platforms



28%

Omnichannel marketing platforms

But, of these retailers, only half of them (42%) say they have the right technology in place to execute on omnichannel fulfillment goals.

The other 48% aren't sure if their technology is the right fit or already know they need more/different technology. In other words, they're moving toward omnichannel but aren't confident that their resources can keep up.



48%

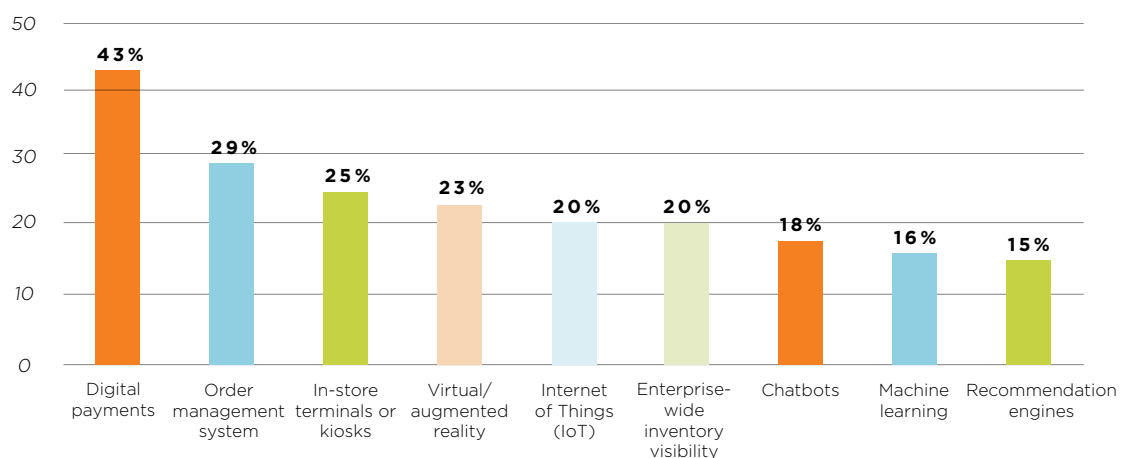
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As a result, retailers are making plans to deploy new technology to support future omnichannel demands. By far, they're focused on digital payment platforms offering a single view of a customer's payments and interactions across all platforms (43%). Order management systems, in-store terminals and kiosks, and AR/VR are also on the minds of at least one-quarter of respondents.



QUESTION:

If you're planning to invest in omnichannel fulfillment, what types of technology does your organization plan to use in the future to support consumer demands for omnichannel fulfillment?





Summary

There's an obvious focus on omnichannel fulfillment, but also a feeling that retailers aren't quite ready for what comes next.

Instead of deploying a random set of systems or trying to improve in one area only, Stone says it pays to work with a partner that can help you bring everything together in one streamlined solution that improves your readiness on all fronts.

"It starts by thinking about your goals," he explains. "What do your customers want? And what do you as a retailer want? And then you break that problem down into tactical pieces, which will inform you about where your investments need to go and what types of solutions you need."

Closing the gap between what consumers expect and what retailers can deliver will require a technology that provides transparency and simplified experiences across channels, along with rapid value and baked-in flexibility to make changes as the industry evolves.

"It's never too late," says Lovatt. "If you've got a brand that a customer wants to buy, then they'll buy it where and how they want to buy it, and you better be present and ready to sell it."



Deposco's Bright Suite of omnichannel fulfillment supply chain applications is how fast-growing companies rapidly scale their warehouse management and order management operations. So they can see what inventory they've got, where it is, and where to position it to fulfill demand when It's Grow Time™. It's the only solution that provides this much actionable insight into both your supply chain and the broader marketplace. Streamlined into One Solution, One Focus, One Team. That's why over 3,000 of the world's fastest-growing e-commerce and DTC businesses rely on Deposco. We're supporting over \$10 billion in sales and over 51 million consumer orders annually. In 2021, we saw total shipment growth increase by 78%. Deposco. **#ItsGrowTime™**.

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