

Electronic Commerce Building Solution to Realize True Omnichannel Capabilities

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Many companies are working on omnichannel commerce to improve customer loyalty. However, these companies are not necessarily successful in acquiring sufficient omnichannel capabilities. The ultimate purpose of omnichannel capabilities is to improve customer loyalty, the achievement of which requires the provision of better customer experience (CX). CX is considered to be the experience of customers getting their needs met, which is what improves customer loyalty. Accordingly, how solutions to customers' needs can be proposed is key to achieving omnichannel capabilities. Fujitsu offers FUJITSU Business Application SNAPEC-EX (hereafter, SNAPEC-EX), an electronic commerce (EC) building solution that realizes omnichannel capabilities. This solution is intended to meet customers' needs by linking the EC sites and physical stores of companies to improve customer loyalty. This paper introduces Fujitsu's concept of omnichannel capabilities, presents an outline of SNAPEC-EX, and describes an actual example of its application to confer omnichannel capabilities to customer's stores.

1. Introduction

Omnichannel is a general term for the various sales channels of a company, such as online stores and physical stores, and electronic commerce (EC) sites are one of the important channels that make up an omnichannel. In recent years, companies have found it difficult to achieve sales expansion through EC sites alone, and omnichannel capabilities that operate in tandem with other channels such as physical stores are required.

An easy-to-understand example is the sharing of points of purchase by physical stores and EC sites. Until now, the points of purchase of physical stores and EC sites were often not linked. It is easy to imagine that customers will be more attracted to stores of companies whose points of purchase are linked among physical stores and EC sites, rather than those of companies whose points of purchase are not linked. Since 2011, when the term "omnichannel" became a buzzword,¹⁾ companies started falling over each other in trying to differentiate themselves from the competition by acquiring omnichannel capabilities to better offer convenient services to customers.

Initially, companies aimed to become omnichannel-capable by increasing the number of channels

serving as customer contact points, by building EC sites, developing smartphone apps, and so on. Later on, however, even though they had various channels in place, companies were often unclear as whom these channels actually were for. Clearly defining the purpose of acquiring omnichannel capabilities was a challenge.

In response, Fujitsu offers the EC building solution FUJITSU Business Application SNAPEC-EX (hereafter, SNAPEC-EX) as an omnichannel platform offering consulting, flexible add-ons and customization, to better meet the omnichannel needs of companies, which differ by business type, type of product, and so on.

This paper introduces the mechanism and approach to developing true omnichannel capabilities through the use of SNAPEC-EX, with an illustrative case.

2. Fujitsu's omnichannel concept

2.1 What are omnichannel capabilities?

Omnichannel capabilities consist in the provision of services that are convenient for customers by linking multiple channels owned by a company. In particular, the utilization of EC sites, which are one type of digital channel offering great flexibility, is essential for omnichannel capabilities.

The purpose of omnichannel capabilities is often said to be customer capture and retention. However, services that simply capture customers are often unable to hang on to them as other, more convenient, services arise and steal customers away. For this reason, it is necessary to take into consideration not only the quality of a service but also, one step beyond that, its ability to earn customer loyalty. If customer loyalty is improved, customers will be less likely to walk away in favor of other services. Therefore, the true purpose of omnichannel capabilities is to improve customer loyalty.

In recent years, as anyone can easily collect information via the Internet, customers' choices have been increasing. Under such circumstances, it is preferable for companies to compete in terms of quality of service and the like rather than fall in the trap of draining price wars. In terms of customer psychology, as long as the price difference is not too great, it is easy to imagine customers choosing stores based on affinity rather than strictly savings. To be chosen for quality of service over price, it is necessary to respond to the needs of customers with appropriate timing and means.

For example, it is necessary to seamlessly link the features of each of the various channels of a company, such as physical stores where salespersons attend to customers and actual goods can be picked up, and EC sites that can be visited regardless of place and time. When one thinks of measures for improving customer loyalty in such manner, omnichannel capabilities

becomes a necessity.

2.2 Omnichannel platform

It is natural for customers to believe that physical stores and EC sites are one and the same store, and that the same services can be obtained regardless of the channel. Therefore, in considering approaches to improving customer loyalty through omnichannel, dealing separately with different channels will not do. It is necessary to adopt a cross-channel approach whereby the data collected from the various channels is managed in a centralized manner, so that, for example, coupons issued at physical stores can also be used at EC sites. This is the omnichannel platform concept.

The information from the various channels is collected and stored on the omnichannel platform. This in turn allows the approach of serving the needs of each customer from the channel that is best suited for that customer's behavior. By improving the omnichannel platform, which corresponds to the backend of the business, it is possible to expand functionality by simply adding front-end elements such as smartphone applications and IoT devices, which are the customer contact points.

This allows nimble response to change since large-scale changes such as the replacement of systems necessitated by ICT progress and changing trends are no longer required (Figure 1).

However, companies that do not have omnichannel

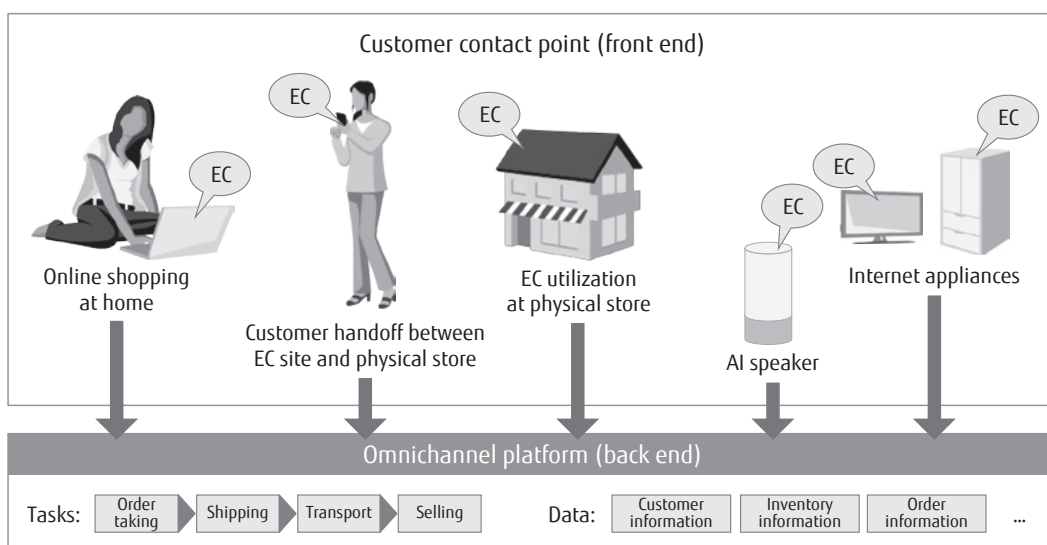


Figure 1
Omnichannel platform concept.

capabilities at present are generally without such omnichannel platform. The reason for this is that each channel having its peculiarities and different channels often being built by different vendors, good coordination among channels is difficult to achieve. In such circumstances, determining what needs to be newly constructed making use of existing mechanisms and limited budgets is difficult.

It is no exaggeration to say that the key to success in establishing omnichannel capabilities is whether EC sites can be used well. EC sites involve holdings of order information, product information, inventory information, customer information, and so on. By linking this information with that of other channel systems, an omnichannel platform can be built. Once such a platform is completed, what matters is how to use this platform effectively. Front-end elements can be developed and easily connected to the omnichannel platform to flexibly build up omnichannel capabilities.

2.3 Omnichannel usage method

Offering a customer experience (CX) that makes customers feel truly good is important for improving customer loyalty. CX is the experience of customers getting their needs met. People seek to satisfy the needs they have, and they experience satisfaction when their needs get met. Therefore, finding ways to propose solutions to customers is the way to provide an optimal CX.

However, there is no standard solution because the content of solutions and the timing of proposals differ depending on the business type, the type of product, and so on. To improve customer loyalty, a company must be able to grasp customer behavior and customer psychology regarding its products, and propose solutions to the customers' needs at the right time.

Since the timing of a need can be predicted for products that are used in a certain amount in daily life, such as daily consumables, an approach can be devised accordingly. On the other hand, in the case of products for which forecasting is difficult, measures to actively generate need are also necessary.

For example, one can give demonstrations at physical stores and encourage customers who purchase on the spot or express interest to sign up for an e-mail newsletter. Later, including pictures of how a product is used in an e-mail newsletter promotes its use among its purchasers,

and for customers who have not yet purchased the product, a link taking them to an EC site encourages purchase. This approach consists in generating demand through demonstration sales. It can be similarly employed for all kinds of business types and products. For example, the same method can be employed whether a product is a daily necessity or a luxury item.

Approaching customers in this way, linking multiple channels such as physical stores, e-mail newsletters, and EC sites to ensure smooth handoffs between channels is an effective way to use omnichannel capabilities. This is called relay communication. This consists in assigning roles to each channel and linking in a timely manner channels according to customer behavior, thereby providing a smooth path from need generation or occurrence to proposal and resolution.

Even in the case of products that customers think they do not want, need can be created intentionally on a push basis through demonstration sales and e-mail newsletters, and once customers are made aware, they naturally seek solutions to the needs. If they are able to predict such behavior, companies can plan and implement proactive measures such as the provision of leads on EC sites and securing the required inventory. The moment needs are met is the moment when customer satisfaction increases, and the accumulation of such experiences improves customer loyalty. In turn, improved customer loyalty leads to regular purchasing.

It is not the purpose of omnichannel capabilities to retain customers by providing a large number of contact points. The purpose is to improve customer loyalty through relay communication from the time a need arises until its resolution. The digital channels of EC sites are essential for securing such omnichannel capabilities. Using SNAPEC-EX as a base, Fujitsu helps companies achieve omnichannel capabilities suitable for their business type and products through pre-introduction consulting, flexible support of add-ons and customization, and so on.

To solve the aforementioned issues, Fujitsu offers SNAPEC-EX as an EC building solution to realize true omnichannel capabilities (Figure 2).

3. Application case of SNAPEC-EX

This section describes application by HIMARAYA Co., Ltd., a mass merchandiser of sporting goods in Japan.

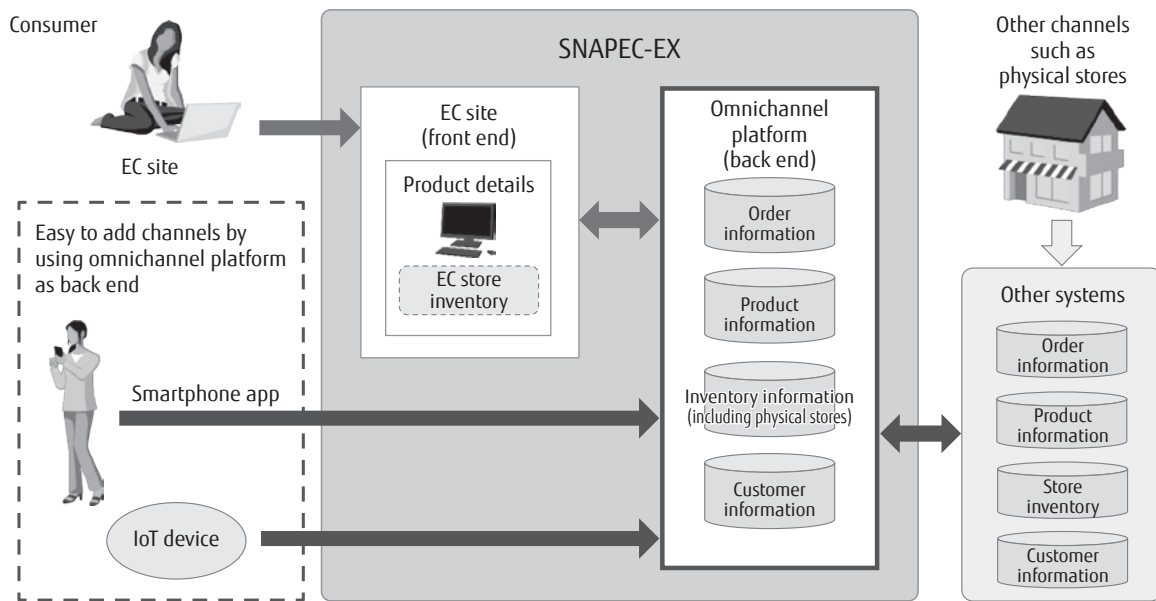


Figure 2 SNAPEC-EX system diagram.

3.1 Store structure of HIMARAYA

HIMARAYA's main sales channels are physical stores and EC sites. Most of its merchandise is manufactured by sporting goods manufacturers and is also sold by competing retailers. Despite strong competition from EC sites in recent years, HIMARAYA has increased sales at its EC sites.

In addition to its own EC site, the company operates also stores at online shopping malls operated by EC companies, and it owns multiple EC channels. In parallel, it is building omnichannel capabilities including physical stores in a bid to improve customer loyalty through the skillful combination of online and physical store retail.

Since the products it sells are sporting goods, the need of customers to check the actual products by themselves is strong, and the deployment of physical stores is a strength of HIMARAYA. A key aspect of the company's omnichannel capabilities exploiting this strength is its customer service support tool powered by SNAPEC-EX, which allows it to utilize its own EC site at its physical stores.

HIMARAYA has physical store inventories at the back end of its EC sites. This allows employees to quickly check inventories at other stores as well as their own store, and to directly order out-of-stock items from

an EC site. HIMARAYA's utilization of its own EC site as an omnichannel platform is an example of applying a new way of thinking about omnichannel capabilities.

3.2 HIMARAYA's approach to meeting customers' needs

For example, let us suppose that a customer who became interested in jogging after reading a special feature on one of HIMARAYA's EC site visits a physical store to check out and purchase a pair of 23.5 cm yellow shoes. If the customer's desired item is not in stock at that particular store, it can be ordered from another HIMARAYA store, but until now it would take seven to ten days for the item to get to the store. In this case, an experienced salesperson may instantly suggest an alternative product if the desired product is not in stock, but in the case of a salesperson with little experience, many sales opportunities would be lost.

This is where the customer service support tool powered by SNAPEC-EX comes in (Figure 3). This is a store EC tool for dealing with customers based on the company's own EC site that allows store employees to do a number of things, from inventory and product searches to accounting tasks. With this tool, inventory checks and product searches can be done on the spot. As a result, the salesperson can know that while there

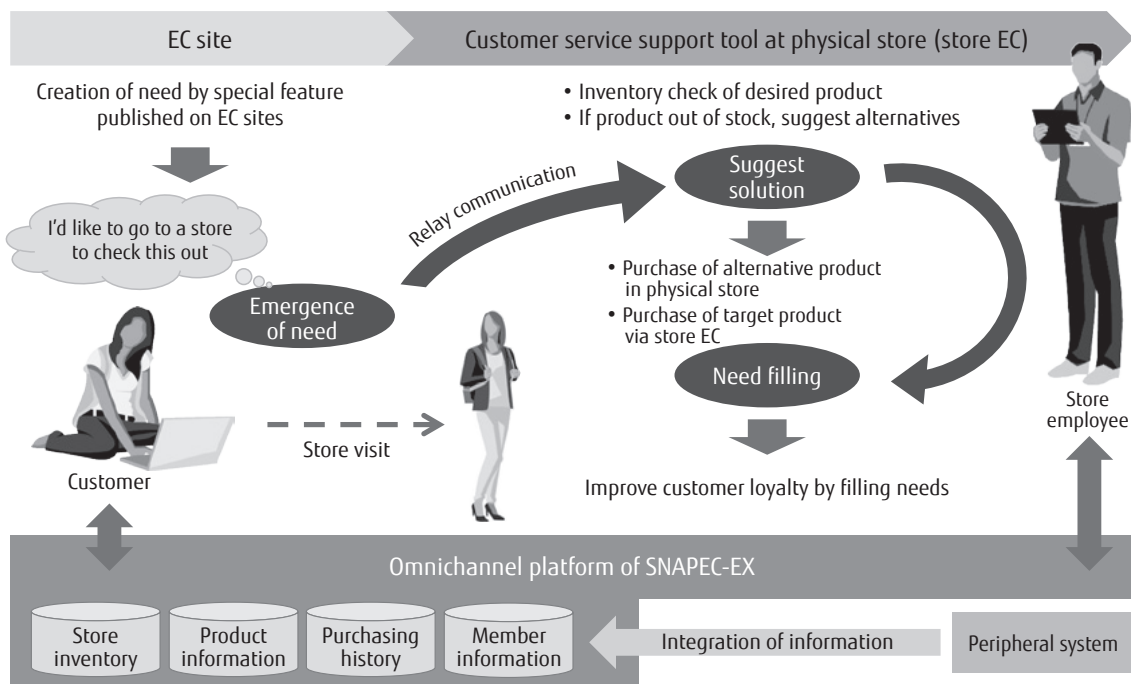


Figure 3
Outline of customer service support tool.

are no yellow shoes in 23.5 cm size, other colors of the same shoe model and yellow shoes of other brands are in stock. This allows the salesperson to immediately propose alternative products.

In this way, even a salesperson with little experience can make the same proposals as a sales veteran, allowing the customer to select whether to purchase substitute items at the store or order the desired product. Actually, the customer service support tool is an EC tool. Therefore, if the customer wishes to purchase a product even though this requires ordering, the sale can be registered on the spot and the product can be delivered to the customer's doorstep possibly as fast as the next day.

This is an example of the successful prevention of loss of sales opportunities through the prompt suggestion of solutions before the customer moves on to other channels. This constitutes problem solving by relay communication using the customer's own EC site, physical stores (customer service), and the customer service support tool (store EC).

3.3 Effect of HIMARAYA's application case

HIMARAYA commented that "we do not like to see

customers who made the effort to come to our stores go home empty handed." The moment needs are met is the moment customer satisfaction increases, and the accumulation of such CXs improves customer loyalty and makes customers into repeat customers. The main point of this case is the pursuit of higher customer loyalty through the utilization of omnichannel capabilities.

Further, this case is also one where, by using its own EC site powered by SNAPEC-EX as an omnichannel platform, HIMARAYA was able to quickly add a customer service support tool as a new front end.

4. Conclusion

This paper described Fujitsu's approach to omnichannel capabilities using relay communication and presented an application case of SNAPEC-EX.

Going forward, Fujitsu will continue developing optimum omnichannel capabilities that take advantage of the strengths of our customers. In doing so, we will demonstrate the value Fujitsu has to offer in terms of EC business expansion support besides system construction.

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Mr. Harada is currently engaged in sales expansion and development of SNAPEC-EX.