3 Proven Ways to Fix the Disconnects in Today's Multi-Channel Shopping Journey

Many midsize retailers have historically struggled with creating seamless, unified commerce experiences across all commerce channels. Over the past two years in particular, merchants have had to bolster their omnichannel strategies as they responded to rapid shifts in market conditions, kept pace with new and emerging customer expectations, grappled with supply chain constraints, and more.

The rapid shift toward digital channels mandated during the COVID-19 pandemic added to the strain created by customers' multi-channel shopping journeys, which now range across web, mobile, physical stores and, increasingly, first and third-party marketplaces. This pressure is felt not only in the B2C realm but also in B2B commerce.

Today, economic uncertainty and wavering customer loyalty is putting even more pressure on retailers to deliver a unified experience as they move toward an omnichannel strategy. In fact, more than half of consumers say they are now less brand loyal due to rising costs, according to **Insider Intelligence**. Now is the time for retailers to take a hard look at their internal systems and back-end processes and eliminate the disconnects that are creating frustrations in the customer experience.

Consider a retailer adding a curbside pickup option as an example. What might seem simple to the end consumer actually involves multiple backend systems — from inventory and order management to the POS as well as e-commerce systems, workforce scheduling and in-store communications. And when customers return items, it adds additional layers of complexity.

"Unified commerce is a business strategy that provides retail customers with a continuous experience as they browse, transact, acquire and consume, regardless of touchpoint. Retailers have been forced into urgent execution of unified retail commerce processes in response to the rapid shift in market conditions and to keep pace with new and emerging customer expectations. Retail unified commerce is now firmly established as the dominant modern retail strategy."

— Top Trends in Retail Digital Transformation and Innovation for 2022, Gartner Research

While many retailers realize the importance of fixing the "disconnects" in today's shopping journeys, many are discovering how difficult that can be with separate legacy systems controlling key business operations. These siloed tech stacks make it nearly impossible for a retailer to get a holistic view of its various commerce points, its overall business, and its customers. For example, without a single version of the truth about inventory levels — one you can share with all commerce points in real time — you can't be confident that items you believe are in a store, warehouse or in transit are actually there. That leads to broken customer promises and requires maintaining high levels of safety stock for fast-moving products.

This e-book will explore simple ways that midsize retailers can streamline key processes, enable more efficient workflows and deliver a better, more unified customer experience. We'll also reveal how brands can scale their operational and transactional systems — across different sales channels, product types and geographies — as they continue to evolve. Additionally, we'll discuss how retailers can leverage the right solution providers and streamline technology investments to eliminate disconnects.

Retailers and customers feel the friction from fragmentation

For consumers, the shopping journey is more disjointed than ever. Some of the reasons why include:

- A widening variety of device types — phones, wearables, tablets, smart speakers — impacts a retailer's ability to deliver a unified experience as consumers venture across channels;

- New shopping and search channels, including social media, voice and video;

- A growing ecosystem of platforms and places for consumers to connect with brands and retailers, from traditional brand websites to third-party marketplaces.

Consumers want personalized and consistent experiences, regardless of how they move between devices, research reviews on social media, browse on a marketplace and buy whether that is via a mobile app or in a physical store. When they experience fragmentation, it adds significant complexity to their interactions with your brand and products, and ultimately impacts whether they truly trust your business.

Wondering how this disconnected shopping journey impacts your business? Consider these warning signs of eroding customer experience and damaged brand reputation:

- Online shoppers cancel orders because they receive a post-purchase out-of-stock notification for an item that showed availability when it was added to the cart;

- When tax is incorrectly calculated via one or more systems, customers are charged different prices for web orders versus in-store transactions, or during special tax events, which creates frustration and damages trust;

- Shoppers express frustration when they can't return or exchange digital purchases in their local brick-and-mortar store. The NRF found that U.S. retail returns increased from 10.6% in 2020 to 16.5% in 2022, making this is an area merchants simply can't afford to ignore.

Each of these scenarios signal a need to optimize your infrastructure so it can support a unified experience regardless of which channel(s) a customer leverages during their buyer journey. The truly concerning aspect of these disconnects is that all of them represent lost opportunities — to deliver a compelling shopping experience, to upsell or cross-sell other items, to build customers' trust in your brand and set the stage for long-term loyalty.

In addition, these backend issues impact retailers' efforts to bring disparate engagement points together:

- The proliferation of internal systems adds layers of technical complexity;

- Long-standing silos between e-commerce and brick-and-mortar operations make true product and customer visibility a challenge;

- A worrying lack of integration between legacy infrastructure and newer platforms creates an increasingly disconnected environment for internal teams.

Through the end of 2022,
50%
of brands still failed to unify customer engagement channels.

Source: Gartner, "Gartner Marketing Research Shows 50% of Brands Will Have Failed to Unify Customer Engagement Channels by 2022," Feb. 8, 2021.

When retailers can't integrate core systems across their business, customers and internal teams notice the disconnects. Employees will struggle to understand the health of the business and identify the levers that could lead to improvement. Even routine administrative tasks become more cumbersome, time-consuming and error prone. For example:

- The process of leveraging different systems to determine tax and apply it correctly — regardless of whether a customer is browsing or purchasing via ecommerce site, mobile app, marketplace or in a live store.

- Sales teams and field reps must enter orders individually, often into separate CRM and CPQ systems;

- Your lines of business have difficulty gauging e-commerce and in-store sales attribution, promotional campaign performance or inventory levels.

This fragmentation forces systems to behave differently from one channel, one device, one marketplace or one region to another. There's little consistency and few opportunities to boost efficiency and deliver a good customer experience. And with increasing competition in the retail sphere, it's a critical time to address these gaps.

SCENARIO:

An established retailer's brick-and-mortar tech stack includes a POS solution and legacy back-office systems such as ERP, CRM, SCM and other tools. Its newer e-commerce channel has its own standalone infrastructure. Few platforms connect between the two environments.

THE RESULTS:

Data is gathered and compiled manually, creating limited financial reporting, performance analysis and other business insights. This increases the likelihood of human error, which opens the business up to additional financial and tax compliance risks.

Discover three ways to fix disconnects.

Fortunately, midsize retailers can develop strategies to streamline their systems and deliver a unified experience for customers while supporting a global, omnichannel business.

1. Modernize and integrate your platforms

Backend functions offer a prime entry point to enhance your operations and eliminate shopper disconnects. That includes pricing, promotions and tax software — places where the journey impacts consumers' wallets and increases their frustration.

Systems that directly support customer interactions represent another important element in a retailer's integration strategy. Customers rely on technologies like shopping cart solutions and payment processing platforms to make their buying experience more pleasant and productive. If those systems don't enable a quick and painless transaction, shoppers may take their business elsewhere.

The good news for midsize retailers is that today's SaaS solutions offer robust capabilities for an affordable price. Many also include a multitude of components — POS, order management, tax calculations, etc. — so you can choose the features that suit your current needs. These easy-to-deploy SaaS platforms also seamlessly integrate to maintain a cohesive shopping journey even as your business enters new markets and new channels emerge.

Sales tax holidays are a popular strategy to encourage purchases of back-to-school supplies, disaster preparedness materials, hunting equipment, energy-efficient appliances and other items.

What retailers need to know: As states work to further incentivize consumer spending in light of inflation, retailers must be ready to coordinate existing as well as new or re-enacted tax holiday events and ensure proper tax calculations whether customers are in-store, online, shopping through a mobile app or purchasing through a marketplace.

The average retail cart abandonment rate is approximately **70%**.

Source: Baymard Institute, "48 Cart Abandonment Rate Statistics 2023."

2. Increase integration with ERP and other core operating systems

Blending all of your systems within your infrastructure — and in particular, your ERP system, which drives key operational activities — will increase your agility and provide the capabilities you need to truly grow your business.

Best-of-breed platforms such as Microsoft Dynamics 365 Commerce have powerful built-in functionalities to deliver better visibility, reduce the need for manual data entry and streamline complex workflows. In addition, they offer opportunities to extend their value by integrating other solutions such as tax technology, which can reduce the need for manual data entry, speed the checkout process, and streamline other complex workflows.

Midsize retailers can gain these four benefits from integrating their core operating systems:

Benefit 1: Increase sales and top-line revenue. It's no longer enough to have a standalone web store. Instead, retailers need to elevate their presence through marketplaces, social media and other channels. ERP and CRM integrations enable you to develop a true omnichannel strategy, connecting with shoppers everywhere they are and increasing your customer base. By integrating your ERP and CRM solutions with the rest of your systems, you'll be able to capture search traffic no matter where customers connect, deliver tailored messaging at the right stage in the customer journey, and provide the service and support shoppers need to complete their transactions with confidence.

Benefit 2: Gain a 360-degree view of customers. Your business holds valuable information on your customers — their history, habits and preferences. That data is key to making product recommendations and suggestions that lead to repeat purchases from consumers. But you can't unlock the power of that data until you integrate your CRM with other key systems that offer insight into all behaviors and commerce channels. Integration allows you to go beyond traditional marketing methods and implement more personalized offers, campaigns and services. It helps you use social media, web search optimization and visibility on marketplaces and industry-specific sites to understand your customers and deliver personalized experiences that drive revenue and build loyalty.

Benefit 3: Improve inventory visibility. Retailers increasingly rely on a complex network to house, process and ship inventory.

You may have multiple warehouses, distribution centers, partner organizations that store products for you and a portfolio of store assets that serve as micro-fulfillment centers. Your team doesn't have the time or resources to maintain accurate stock counts by hand or to manually check stock levels across multiple dashboards. SCM integration is the only way to ensure that, as customers place orders, they have a real-time view into product availability across your network.

There's nothing more frustrating than finding out your newly purchased product is on backorder or no longer available for same-day pickup.

Benefit 4: Increase tax determination accuracy. Too many retailers continue to work with manual processes and legacy systems to manage their tax determination.

These human-powered workflows are recipes for errors, especially as your sales volumes grow, your product catalog expands and your brand ventures into more channels and platforms.

Manual processes also increase costs and hamper productivity. Consistent and accurate tax determination across a myriad of systems and transactional touchpoints helps ensure efficiency and compliance in a complex business environment.

89% of organizations report that they have seen increased business growth due to process automation over the past year.

92% report that process automation allows them to free up employees to take on more complex, strategic jobs.

Source: Camuda, *State of Process Automation Report 2022*

3. Enable technical and business scalability and maintain efficiency across your processes

Many factors can hamper or completely hinder retail workflows. Limited bandwidth and latency in ecommerce site performance also can cause hiccups in back-end operations. Operational disconnects and a lack of cohesion make it difficult to drive efficiency today and grow in the future. If you struggle to eliminate shopper journey disconnects in the current climate, how well will your organization perform when new selling channels or engagement opportunities emerge?

The first step involves adding technical scalability. For example, a containerized edge tax solution is used across many application environments to streamline deployments, improve performance and scalability, reduce computational latency, ease maintenance and upgrades, and enhance control. Tax leaders experience enhanced accuracy and speed, reduced maintenance, and the increased credibility that supports business growth.
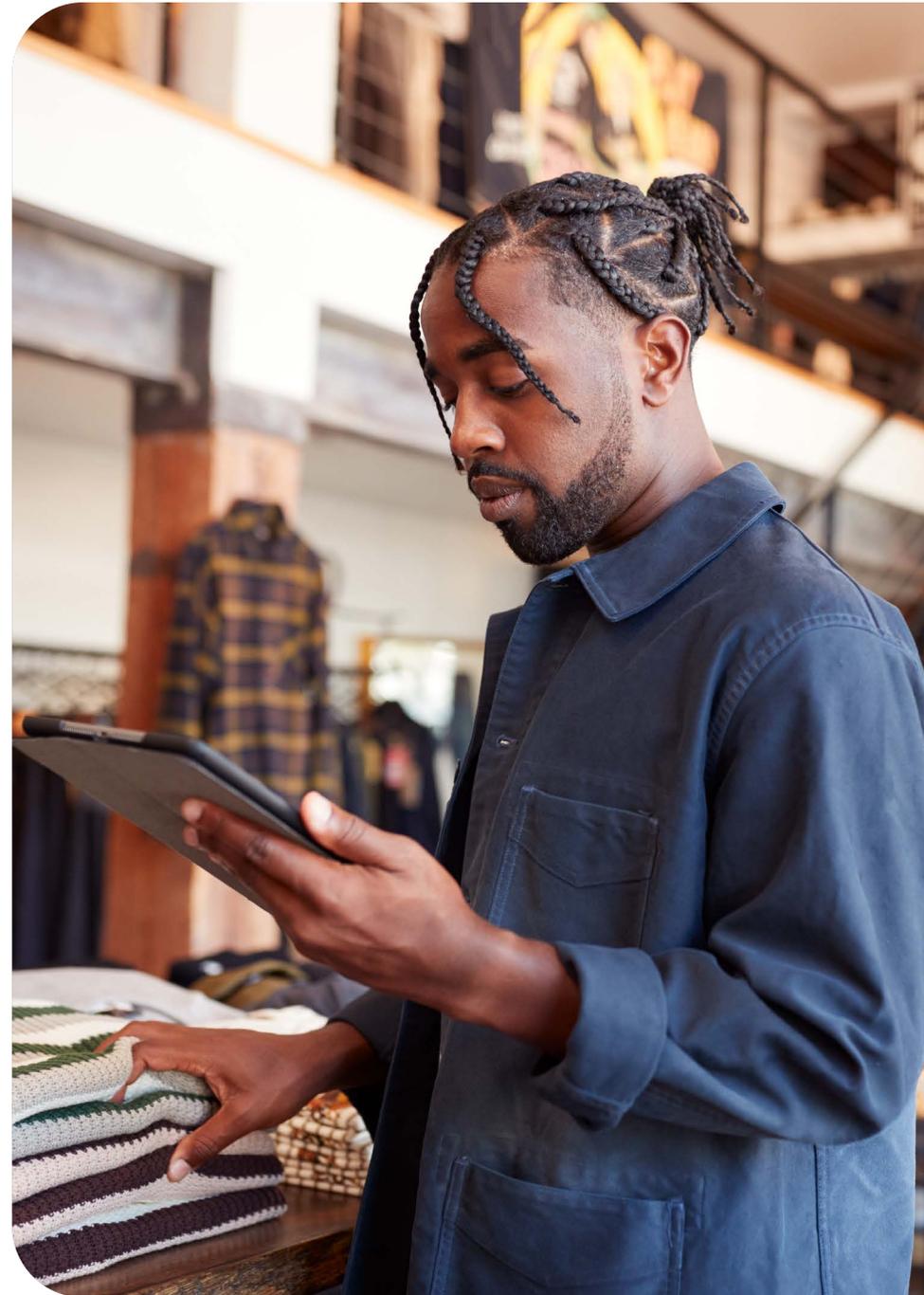
In addition, when you consolidate your platforms and embrace containerized edge computing solutions, you'll be able to bring your processes together, ensure more consistent business performance and create more flexible customer experiences. When everyone is working through the same inventory systems, the same transactional systems and tax systems, as well as the same ERP and CRM systems, you'll position your organization to harness the value of every touch point. For example, you'll:

- Categorize and handle products the same way in-store and online;

- Apply promotions, discounts and offers across every channel;

- Calculate taxes using the latest rates for each fulfillment and delivery location;

- Keep stock levels transparent and consistent for all customers and sales associates.

When it comes to business scalability, this technology makes it possible to grow — through mergers and acquisitions, through channels and through geography. In fact, with so many jurisdictions updating their tax regulations to respond to the growth of e-commerce and changes to local store traffic, retailers struggle to maintain compliance as their business scales. Updating tax tables individually isn't a viable strategy in an environment where local tax rates change constantly — and where a single, scalable tax engine gives you consistency in your tax calculations and enables you to complete transactions in multiple markets with accurate, complete data and reliable reporting.

14 states

had notable tax changes take effect on July 1, 2022, which was the first day of fiscal year (FY) 2023 for every state except Alabama, Michigan, New York and Texas. Many of these changes impact retailers and consumers alike, from delivery fees to new sales tax exemptions.

Source: Tax Foundation, "State Tax Changes Taking Effect July 1, 2022," June 28, 2022.

That business scalability extends to the marketplaces' innovative technology solutions that providers such as Microsoft have available to you, with developers building out and improving a variety of applications. These complementary tools are designed to work seamlessly with Microsoft Dynamics 365 Commerce. As your business grows and needs new capabilities, you can add components and spin up additional features that already fit with your existing infrastructure.

Solution integration, particularly with your ERP system, facilitates scalability in other ways too. You can set up processes once — pricing, promotions or inventory management — and send that single source of truth out to every component, channel and engagement point. Integration helps you scale because data flows automatically between your systems. An integrated system handles data correctly and gets outbound information where it needs to go. The disconnects that disrupt shoppers' experience with your brand begin to disappear when your technology stack is consistent across your entire organization and sets a powerful foundation for businesses as they expand globally.

Don't let your legacy systems and outdated manual processes keep you from delivering the shopping experience your customers expect, whether they're browsing online, buying on a marketplace or exchanging an item in-store. While the potential for disconnects always exists, the right technology solution with powerful integration capabilities enables midsize retailers to blend multiple channels into a seamless presence that extends across virtual and physical properties. You can affordably simplify order flows, tax compliance, inventory management and fulfillment — plus gain visibility into key metrics to better monitor the health of your business — with a single operating platform designed to streamline key processes and enhance the omnichannel customer experience.

Learn More

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Vertex is a leading global provider of indirect tax software and solutions. The company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,300 professionals and serves companies across the globe.

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Retail TouchPoints and design:retail give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

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