THE 8 STAGES OF THE OMNI-CHANNEL ORDER LIFECYCLE

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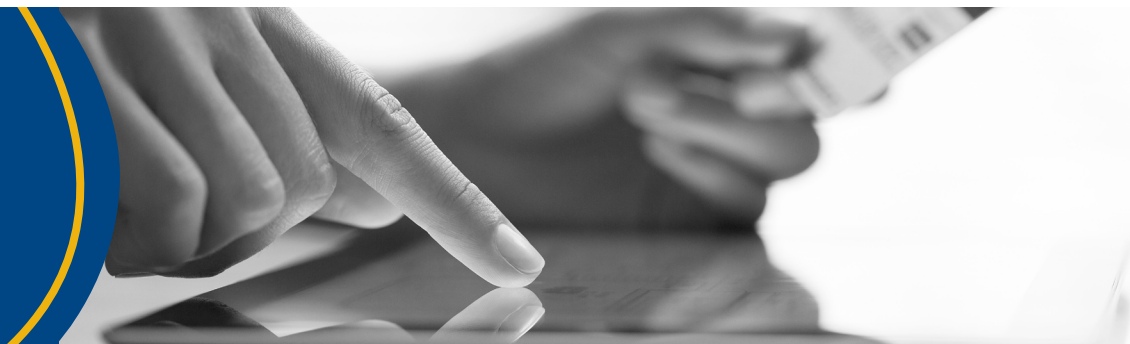
8 STAGES OF THE ORDER LIFECYCLE
1. Order Orchestration
2. Item Attribution
3. Inventory Availability
4. Customer Visibility
5. Payment Processing
6. Fulfillment
7. Shipping
8. Integration

THE 8 STAGES OF THE ORDER LIFECYCLE

The virtues of omni-channel retail are being extolled, but your company may be finding itself lost in the fray. Customers are becoming more savvy and educated, leveraging new technology to make the best shopping decision for their immediate needs. If your company ignores the emerging climate, it risks alienating current customers, which in turn can negatively impact sales.

The emergence of omni-channel creates its own set of questions that must be answered: does the initial investment make financial sense; how will it impact the bottom line; what level of visibility is needed; what instilled business practices will be affected; and should less time be spent worrying about channels and more about customer experience?

A recent report from Forrester identified four key areas of Order Management System (OMS) implementation required to strengthen omni-channel retail: Order Management, Customer Service, Enterprise Inventory and Fulfillment.

But it takes more than OMS optimization to boost the Order Lifecycle, which represents each of the eight stages required to create a fully functional omni-channel strategy. The Order Lifecycle encompasses every aspect of omni-channel from the moment a customer places an order to how it is picked, shipped, paid for and delivered.

It is important to understand each stage of the Order Lifecycle before committing to an omni-channel investment, whether your company needs are modest or accelerated growth is in your future.

STAGE 1: ORDER ORCHESTRATION

Efficiently managing orders is central to OMS. Each stage of the Order Lifecycle funnels into order orchestration. In turn, order orchestration is an empty vessel without the tools of the other stages. It's this ebb and flow that makes it the heart of omni-channel operations.

At its core, order orchestration can be broken into two distinct actions:

1.) Forward Logistics

This is the basic customer order. Whether placed online, by phone, with EDI or through a store, being able to manage the flow of an active order is integral to an order's success. Sending the item to the customer as quickly and inexpensively as possible is also the crux of OMS efficiency. Cost and service is evaluated, with the most efficient route determined by these parameters. Not only should your customers be seeing savings in time and cost but so will your company by maximizing the effectiveness of your omni-channel procedures through the OMS rules engine.

2.) Reverse Logistics

Dealing with a customer return can come with its own set of issues, and an unreliable or non-existent OMS will expose them quickly. Without proper investment into omni-channel options, a customer return can grow even more complicated if the customer purchases from your e-commerce site and tries to return to a retail location (or vice versa).

Being prepared for returns is just as pressing as order orchestration. It's why order orchestration requires multiple stages before it can complement your business's OMS and groom your company for omni-channel synergy.

STAGE 2: ITEM ATTRIBUTION

The ability to differentiate order items is imperative to optimizing the ordering experience for online shoppers. But it goes beyond simplified attributes such as color, size, seasonality, etc. While such descriptors are key for buyers ordering the product, seller attributions that delineate items more clearly and effectively can expedite the order management process. Using Product Information Masters, item attribution can be segmented into the most minute detail.

Utilizing an OMS that uses both buyer and seller attribution effectively will separate and manage items for easier sorting and faster picking. Likewise, it will make the return process simpler by creating an easy-to-follow guide for restocking.

STAGE 3: INVENTORY AVAILABILITY BY CHANNEL

Knowing where inventory is stationed can alleviate supply chain stress. How much of any given item is available in retail stores, distribution centers, and 3PLs is just one aspect. Being able to see how inventory is segmented by channel in real-time can give your company a leg up on delivering items at reduced time and cost.

Segmenting by channel is not the only advantageous inventory availability maneuver in regards to shipping speed and expenditure.

Physical site segmentation is also bolstered through enterprise visibility. Warehouse logjams and short stock can be eliminated through:

1. The ability to reserve stock to ensure a retail store has enough on hand to meet in-store demand

2. The capability to reroute overstock to a different location so it can be sold and shipped at a quicker pace

Knowing what is on-hand allows a brick- and-mortar store to place safety holds on in-store items and alleviates single store confusion by assessing what is customer facing in the retail space and the back stock available. Having real time inventory visibility across your entire enterprise offers a better means to meet customer demands by channel.

STAGE 4: CUSTOMER VISIBILITY
The habits of your customer base deliver needed insight into personalized and demographic trends among returning shoppers. Readily accessible purchase and return histories from buyers as well as preferences, payment methods and order frequency garners insight into efficient order orchestration. Knowing customer behavior and spending patterns allows optimized service and a history with which to ask the real questions to optimize customer service:

Who is buying from your company?

What products and services are most in-demand?

Where do the bulk of orders come from?

Where are orders most often filled (store, DC, 3PL)?

When does your retailer enjoy the highest volume of buyers at physical stores? Online?

How does your customer pay for orders?

STAGE 5: PAYMENT AND RETAIL ENGAGEMENT
Payment poses one of the more challenging aspects of the Order Lifecycle. From routing and allocation to how orders are processed and charged, having the ability to manage multiple transactions from one customer can be complicated if you are not prepared for the pitfalls.

It begins at the payment source, where authorization of payment is noted on a customer's debit or credit card. Settlement of that payment often occurs when shipping information is sent to the customer. But what happens when a customer has multiple transactions? What happens when your OMS isn't equipped to handle omni-channel sourced orders from a different channel of your business? How do you communicate with creditors and banks that require different notifications and use software that could delay timely authorizations and settlements?

Managing when authorizations and settlements occur is the first step to bettering your Order Lifecycle. Finding the most efficient manner in which your company's invoicing can be settled prevents orders from delaying proper fulfillment and shipping. Worst of all, ill-timed authorizations and settlements after shipping could leave your company with additional fees or insufficiently drawn funds if a problem arises from a customer who is over his credit limit. Or, a customer may have the funds but bad settlements placed at the wrong increments could cause payment failures and complications with customer service.

Having real time inventory visibility across your entire enterprise offers a better means to meet customer demands by channel.

Maximizing where orders are fulfilled is how you can reap the biggest savings by investing in omni-channel solutions.

Investing in the right software solutions to optimize the payment process is integral to omni-channel success. Having flexibility in where payments are processed (in-stores, online and mobile), secure transactions, and the ability to collect and track data from where sales occur most will inform future engagement opportunities and how to navigate omni-channel solutions to best serve your company and your customers.

STAGE 6: FULFILLMENT

Your company has organized its items, made its inventory visible and created uncomplicated shipping and payment processes. You have studied customer habits, and you now understand buying patterns and how to maximize the Order Lifecycle.

But then the inevitable occurs: how do you actually fulfill the myriad orders and do it in a way that puts the least amount of stress on each part of your omni-channel strategy?

Getting the most from your enterprise requires embracing the various channels from which order fulfillment can occur. Maximizing where orders are fulfilled is how your company can reap some of the biggest savings by investing in omni-channel solutions. Assessing the easiest method to get items to customers comes down to the quickest and most inexpensive route:

• From a Retail Store
• From a Vendor
• From a Distribution Center
• From a 3PL
• Through In-store Pick-up

Any of these options can be used to deliver items efficiently to customers, so long as thresholds are in place to manage inventory and available labor. Using each of them in situations that reduce your company's costs and increase the speed in which customers receive their orders betters inventory allotment, reduces shipping costs and removes obstacles associated with limited investment in where and how items are shipped.

STAGE 7: SHIPMENT

Once your company has found the best fulfillment location from which to ship, it's time to actually ship. Additional costs come with further distance from the fulfillment center, so matching the right facility to the shipping destination saves time and money.

How you ship is also key. Though it may make sense to ship items via ground shipping for short distances, it can cost much more than the option of shipping from the nearest store or straight from a vendor or 3PL.

Though expedited shipping methods provide a fantastic service to customers, the purpose of investing in omni-channel is to eliminate the hassles and cost of special deliveries and shipping. Balance the expedient needs of your customers while maintaining your company's satisfaction by tapping into your entire enterprise to maintain costs.

Shipping is the stage where inventory visibility and an understanding of fulfillment locations can reduce wastefulness. As buying patterns emerge from your customer base, knowing where to stock and how best to get items and services to customers boasts the production and lessens the complications of your Order Lifecycle.

STAGE 8: INTEGRATION
Integration of all stages of the Order Lifecycle is key to omni-channel success, but just how do you integrate these stages?

This is likely where your company gets leery of the investment needed to successfully execute an omni-channel retail strategy. There are many software solutions to choose from, each of them strong at aiding your growth with particular stages of the Order Lifecycle, but few of them are capable of communicating with each other without issues. The price tag and potential complications of merging current OMS solutions with new omni-channel services can be daunting. But single platform solutions are beginning to emerge, which allow for fluid communication between e-commerce, point of sale, OMS and EDI platforms. Uniformity among order lifecycle solutions eases the tensions of investing in omni-channel, as worries about how various software solutions interact subside. When software offers a native integration platform, it's simple to maximize omni-channel and optimize the Order Lifecycle.

CONCLUSION
Ignoring the underlying stages of creating a sustainable Order Lifecycle can hamper attempts at embracing omni-channel retail. It goes beyond a well-tuned OMS, as the Order Lifecycle requires commitment to each stage and a native integration platform capable of handling each stage of the lifecycle. Leveraging technology to build an efficient Order Lifecycle can present new channels of revenue while boosting productivity.

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