



INTEGRATED MULTI-CHANNEL RETAILING



In a world where differentiating from competition becomes harder by the day and customers are constantly savvy through the use of internet and other information sources, Retailers have started looking at ways to bring synergies in the way they interact with customer. One of the key approaches to synergy has been through Multichannel retailing, a term that means different thing depending on whom we ask. In this paper, we attempt to provide our understanding of Multichannel retailing and how Wipro can help demystify complexities and build solutions in this space.

WHITE PAPER



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1. INTRODUCTION

The emergence of multiple channels, especially the internet as a strong channel for shopping, has been a real empowerment for the customer today. The customer is option rich, time and attention poor and fully aware of the choices that he or she has access to in the market. Further they are constantly connected to information and are constantly learning and experimenting new ideas online through social and collaborative capabilities in the new Web 2.0 world.

To cater to a highly empowered customer, retailers are constantly looking to offer to their customers, highly personalized shopping experience and manage the complete shopping experience at each touch point with the customer repeatedly.

Retailers globally have realized that an effective Multichannel strategy is essential to drive profitable growth in Retail. Multichannel retailing is about providing a consistent customer experience across all the channels that the customer interacts with the retailer through a judicious use of emerging technologies, improved operating processes that focus on multiple channels and empowered employees who can think of solutions to customer's needs across channels, Thereby providing a differentiated shopping experience to meet ever-rising customer expectations.



2. BENEFITS

Multi-channel retailing helps deliver a superior shopping experience by synchronizing customer touch points and leveraging channel capabilities. The broad trends that we have been seeing in the industry that will have a positive impact on Multichannel retail are

- Customers that use the online channel in addition to traditional store based retailing has grown by 20-30% year over year
- Internet influenced offline spending has grown significantly over the past few years
- Cross-channel customers are younger and wealthier
- Customers spend more at the store (about \$150) when buying a product after performing their research online; increasing the retailer's share of the customer wallet

While the broad trends portend good future for multichannel retailing, we are seeing specific stakeholder benefits that we have highlighted below -

a. Customers

Flexibility: Convenience and shopping options, channel independent promotions and coupons

Enablement: Self-service capability for research, ordering and purchase

Experience: Uniform customer support, Deep product catalogs and access to enterprise wide inventory



b. Retailer

Wallet Share: Through cross channel shopping

Optimization: Leverage inherent cost benefits in scale through channel integration, leveraging existing assets

Touch Time: Increased touch time through customer hopping channels

Understanding: A unified customer view across channels

c. Partners and Vendors

Revenue: Higher revenue through newer channels

Marketing Options: More partner marketing options through unique offerings (store within site)

Increased revenue: New promotional capabilities through new technologies

d. Investors

Revenue: Increased revenue through wallet share

Profitability: More robust business operations through automation leading to more efficiency in operations

Competitiveness: Through multiple options we have more competition in the market place



3. CHALLENGES

While we see an increasing trend in adoption of multi-channel solutions, we have also been seeing some interesting challenges in executing such solutions. We have outlined here some of the challenges that retailers have to face as part of enabling a multi-channel business.

a. Solution Simplicity

Multi-channel solutions are burdened by some of the legacy processes and systems that form the core of the underlying channels. Multichannel solutions should focus on simplifying the customer's shopping experience and not make it complex through increased policies and procedures in the customer's shopping process.

b. Multi-channel Governance

Organizational structure often gets in the way of Multichannel alignment efforts. Traditional organization structures focuses on functional capabilities such as supply chain management, marketing, merchandising etc and further have a second layer of silos based on channels resulting in each group trying to build similar solutions (Order management, inventory tracking etc..) which end up being islands of excellence. The ability to build unified solutions for common problems and further execute on this unified platform is a very large challenge for organizations today.

According to Gartner Multichannel Retailing Study 2006, Grocery retailers were most likely to keep each channel operation as a separate legal entity (27%), and European retailers were more likely to group the various direct channels under a single organizational unit (44% versus 24% for North America).



c. Enabling ground level Multichannel operations

While strategy and vision for Multichannel retailing is in place, the key challenge is to manage ground level operations and making the field staff such as store associates and customer service representatives look at leveraging cross channel benefits. Implementing a comprehensive program to enable this through training, incentives and measurement is a key challenge.



4. CURRENT TRENDS IN THE MULTI-CHANNEL MARKET

We have been seeing an increasing trend in customers looking for multichannel shopping paradigms over traditional single channel shopping experience such as pure online retailers. According to Nielsen//Netratings eShopping index, visits to multi-channel retailers have increased 21 percent year over year, while visits to online-only retailers have increased 12 percent.

Further we are also seeing an increasing trend of customers preferring the online channel as the predominant channel to research and buy. There is a slow but progressive trend over the years where customers have been drifting towards the online channel at the cost of moving away from traditional channels such as the store and catalog.

Channel wise spend	2005	2004	2003	2002
Store	68%	72%	74%	78%
Catalog	5%	6%	6%	6%
Online	27%	22%	20%	16%

Source: Goldman, Sachs, Nielsen//NetRatings, and Harris Interactive eSpending Report, December 2005



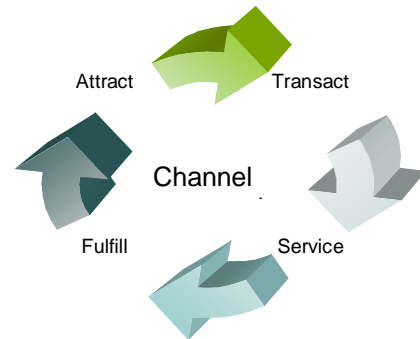
5. THE PATH TO MULTI-CHANNEL SUCCESS

Our Approach

Our approach to building successful multi channel solutions adopting a customer centric view of the key functions of a channel and building solutions that will enhance these functions to increase customer satisfaction.

Channels enable business transactions between the customer and the retailer. Specifically channels provide the following key capabilities

- § Attract: Manage customer shopping experience
- § Transact: Manage customer buying experience
- § Fulfill: Manage customer delivery experience
- § Service: Manage the customer relationship

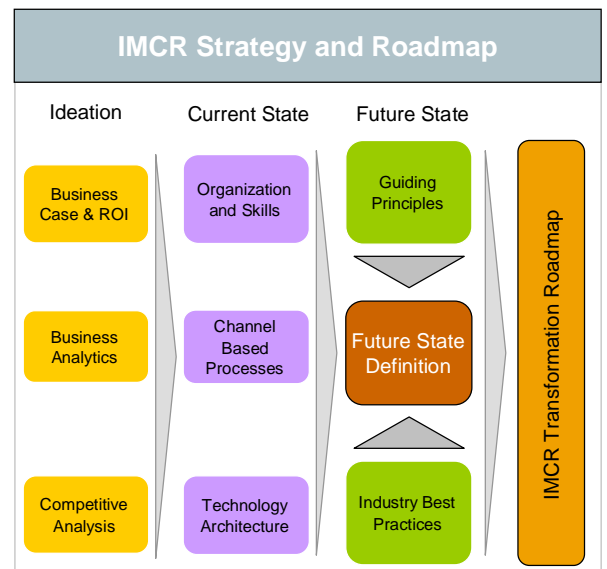


Successful implementation of multi-channel retailing is enabled through “suspend and resume” of buying experience across channels while leveraging inherent channel capabilities.

Our framework

The Wipro IMCR framework can help clients

- § Assess their current state in the integration of channels across the gamut of people, process and technology to identify potential best practices, gaps and challenges in key channel functions.
- § Define the future state based on business goals and
- § Develop a transformation roadmap to customers on their multi-channel strategy



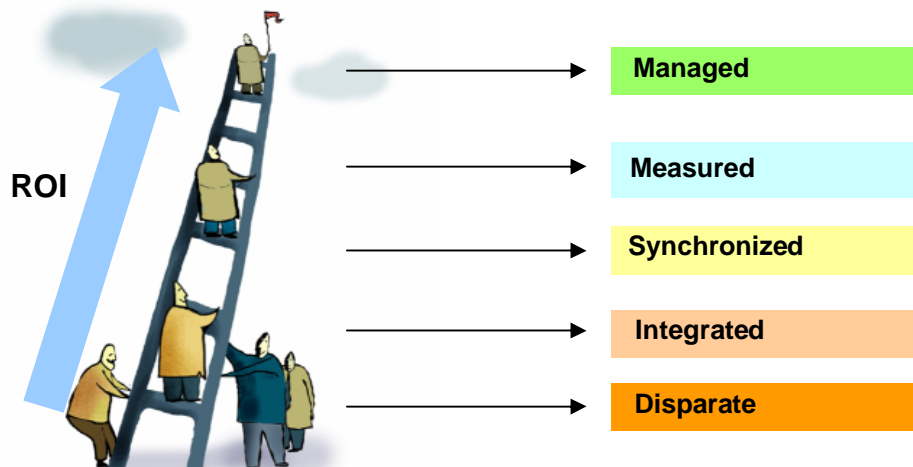


Wipro IMCR strategy is geared towards obtaining near term operational efficiencies while executing a long term growth plan. Our framework is flexible to client's requirements from implementing point solutions to developing an overarching multi-channel strategy.

The Five Step model to multi-channel success

We recognize that multi-channel success does not happen overnight. Our approach incorporates a maturity analysis framework that allows retailers to assess their current state and builds a future roadmap for multi-channel enablement.

We will help you navigate from a set of disparate channels to a connected eco-system that is truly synchronized. Further stages of evolution are achieved through monitoring, analyzing and performing continuous improvements to achieve business targets.





6. REFERENCES

- Gartner Multichannel Retailing Study 2006
- Nielsen//Netratings eShopping Index news articles
- Nielsen//Netratings eSpending report 2005 news articles

7. ABOUT THE AUTHOR

Vivek Venugopalan serves as Practice Leader for the Multichannel and online retail at Wipro Technologies. In this role, he is responsible for bringing thought leadership and innovative solutions for Wipro's global retail clients. Vivek is actively involved in projects executed by Wipro in the online commerce space. He provides technology leadership and over sight to the teams through his extensive experience in building online solutions to customers.

Vivek has served years in multiple roles at Wipro, Having played program manager for large engagements of Wipro, he has a deep understanding of the global delivery model of IT engagements and has also played a lead technology architect for the retail business unit where he has provided cutting edge solutions to Wipro's clients across the retail domain.

Vivek holds a Masters degree in computer applications from University of Madras and has over 13 years of experience working in the IT industry across the globe.



8. WIPRO IN RETAIL

Wipro has a dedicated Retail, CPG and Distribution practice that has partnered with leading retailers globally and brought immense value to them. We work closely with leading industry bodies like EPCGlobal, SCOR, UCCNet and ARTS and are supported by domain experts in our Centers of Excellence in the fields of Supply Chain Management, Analytics, RFID, Pharmacy, In-Store Solutions and Merchandizing & Pricing. We also continuously develop technology solutions around retailing concepts such as ESL (Electronic Shelf Labels), Guided Hand Held Devices, Kiosks, Digital Signage, RFID, etc. and test its implementation in an integrated environment at our state-of-the-art Concept Store within our campus.

In continuing pursuit of excelling in providing IT related services, Wipro has made a significant acquisition of a Europe based retail solutions provider, Enabler. Enabler is one of the leading specialists in consulting and implementation of integrated solutions and effective support of retail systems, especially in Oracle Retail implementations for a diverse set of Retail formats.



9. ABOUT WIPRO TECHNOLOGIES

Wipro (NYSE:WIT) is a leading global provider of IT Services, Outsourced R&D, Infrastructure Outsourcing, Business Process Services, and Business Consulting. Wipro is the first to perfect a unique quality methodology, the Wipro Way – a combination of Six Sigma, Lean Manufacturing, Kaizen and CMM (Wipro is the world's first PCMM and CMMi level company) - to provide unmatched business value and predictability to our clients.

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