

Press Release

SALES UPLIFT FOR MAJOR RETAILERS ADOPTING OMNI-CHANNEL APPROACH: 10-20 % INCREASE OVER PAST 12 MONTHS

But one third of UK retailers experiencing increase in complaints as customer expectations outpace retail fulfilment capability

New report from LCP Consulting – ***The Omni-channel Dilemma*** – reveals future opportunities and challenges for retail industry

Major retailers that have converted to an Omni-channel approach have reported a 10-20 per cent increase in sales over the past 12 months according to LCP research¹ released today at the **World Retail Congress**. This is double the number of major retailers that reported a similar increase in 2013.

However the research also revealed significant risks for those retailers who are not building fully integrated Omni-channel business models. Over a third (37 per cent) of UK retailers who claim to be Omni-channel retailers have experienced an increase in customer complaints revealing that a focus on the front end, without the back end to match, isn't working.

The research findings, which will be published in October in a new LCP Consulting² report, ***The Omni-channel Dilemma***, highlight that retailers adopting an Omni-channel model are gaining a competitive advantage, but for some, focusing only on the front end, is already damaging their reputation with customers. This is leaving retailers facing a critical choice about where they should focus their investments to ensure future success.

The report includes interviews with an LCP panel, consisting of four leading UK-based retail experts: **Graham Barnes (Supply Director, Argos)**, **David Wild (CEO, Domino's Pizza Group)**, **Dino Rocos (Operations Director, John Lewis Partnership)** and **Neil Ashworth (CEO, Collect+)**.

Dino Rocos, Operations Director, John Lewis said:

"I'm seeing some retailers who are building organically on their current model and I am flabbergasted because it is self-evident that three, four, five years down the line that that's not going to be the right model. They should be pausing, evaluating where they are investing, and then investing in the model that is appropriate for the longer term."

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¹ LCP Consulting commissioned market analysts, Research Now, to research Retail Board Directors and department heads operating in the UK and US. Out of the 100 interviewed, half worked for retailers with more than 5,000 employees and more than a quarter for retailers with more than 25,000 employees, all with an annual turnover in excess of £50million.

² LCP's rapidly growing retail practice offers advice to the UK's largest retailer, 6 of the top 10 UK retailers, and a substantial number of top 50 European retailers.

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Stuart Higgins, Retail Partner at LCP Consulting added:

“Retailers may attract customers by managing the front end, but that is only half the story. How likely will they be to return when the experience doesn’t match the promise?”

Four Retail Archetypes© have emerged...

The LCP research identified the need for retailers to understand where they sit in the marketplace, what they should focus on and the best model for them to adopt, using Four Retail Archetypes© defined by LCP. These comprise:

- **Omni-channel Pioneers** – fully committed to transforming front and back end operations to deliver a seamless experience to customers.
- **Omni-channel Followers** – recent converts to investing in Omni-channel retailing without a fully integrated business model. Retrospectively fixing their back-end systems to keep up with Omni leaders, and as a result, running the risk of not establishing the core systems for long-term success.
- **Optimised Multi-channel or Pure-Play Retailers** – have made a strategic decision to adopt either a Multi-channel or Pure-play approach – often very effective.
- **Challenged Multi-channel Retailers** – trying to adapt to a Multi-channel world by bending existing bricks and mortar infrastructure. Clear warning signals that this group is in danger of terminal decline, with lacklustre growth reported.

Omni-channel isn’t the only answer

The report demonstrates that a true Omni-channel strategy can offer significant benefits for retailers, but it is not the only solution, and for some businesses, a multi-channel approach can deliver results without the disruption associated with Omni-channel transformation. The real challenge for retailers is to understand which Retail Archetypes© they are, and then define which model will provide a sustainable route to growth and profitability.

Ingredients for success

The research shows that the move to Omni-channel is clearly continuing to gather pace and retailers who haven’t yet made a choice will find their competitors have. The ensuing transformation can only be realised through complete cross-functional and total organisational commitment.

However, recognising that every retailer is different and with no ‘one-size-fits-all’ approach for ultimate Omni-channel success, the report identifies the following four key capabilities:

1. **Consistent customer proposition**
2. **Seamless order management and customer experience**
3. **Fulfilment excellence**
4. **Effective Personalisation**

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David Wild, CEO, Domino's Pizza Group said:

"If retailers take the view that they'll fix the back end later, they're intrinsically planning for failure. They're saying that online will be a minority part of their business and therefore doesn't need an efficient suite of back end systems."

Phil Streatfield, Retail Partner at LCP Consulting, concluded:

"When multi-channel retailing emerged 15 years ago the emphasis was on home delivery, access to broad range and speed of response. Today's Omni-channel retailers are taking advantage of both their Bricks & Mortar infrastructure and multiple channel access for customers to provide truly differentiated service propositions."

To receive a copy of the report, contact LCP Consulting on 01442 872298, or email info@lcpconsulting.com.

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Notes to Editors:

About LCP Consulting

LCP Consulting is the leading global specialist consultancy in business operations and customer-driven supply chain management - unlocking significant and sustainable business value for its clients. LCP helps design and realise innovative business operating models, through end-to-end supply chain strategies founded in commercial reality. Driven by this ambition for its clients, LCP has been delivering enduring success, for over 20 years working internationally across a range of sectors including retail, healthcare, manufacturing, energy, government and logistics service providers, to provide expertise in:

- Business operating models
- Customer and commercial proposition
- Business Insights through Analytics
- End-to-end supply chain management
- People and organisational development
- Research and benchmarking

Working alongside its clients at every stage in this journey, LCP provides the right blend of broad business and specialist expertise, a rigorous and analytical fact-based approach, underpinned with leading edge thinking. The consultancy's rapidly growing retail practice offers advice to the UK's largest retailer, 6 of the top 10 UK retailers, and a substantial number of top 50 European retailers. www.lcpconsulting.com

Report Methodology

LCP Consulting commissioned market analysts, Research Now, to conduct the independent research with Retail Board Directors and department heads operating in the UK and US. The research was conducted during July 2014. In total, around 50 executives were interviewed in the UK and 50 in the US. More than half of respondents worked for retailers with more than 5,000 employees and more than a quarter for retailers with more than 25,000 employees, all with an annual turnover in excess of £50million.