

Customers don't know what they want from retail omni-channels, says Sainsbury's

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Head of online operations development at Sainsbury's, Dave Crellin, says retail channels are growing so fast customers don't know what they want

With the growing demand for omni-channel business, retailers should be focusing on delivering what is most valuable to the customer – but consumers don't necessarily know what that is yet.

Speaking at the 2015 eDelivery conference, head of online operations development at Sainsbury's, David Crellin, explained multichannel businesses such as supermarkets revolve around delivering an aspect of service that is most valued, something that no one is fully sure of yet.

"We've got customers who are being offered loads and loads of stuff now, and a grocery online marketplace we've got a fiercely competitive, fast-growth market," said Crellin.

"What we've got is a customer who has not yet learned what's really important to them; and what we end up with is a load of competitors that have a place in the marketplace, who haven't yet been able to do the maths on what is really valuable to their customers, and how they can make money out of them."

Crellin suggested that trying to find a focus area can raise a number of questions, such as what will add value now; what a retailer's position in the market is; and what will add value in the future.

Omni-channel retailers currently offer three core elements: Low prices, a variety of options and a quick turnaround. Crellin pointed to market entrants such as Amazon as fuelling the latter.

Over the last year, Amazon Marketplace sellers alone catered to 400 million orders, and the online retail giant pointed to the importance of product delivery in offering a good online service.

But it is hard to offer speedy service alongside low prices and lots of options without taking into account a firm's profit. Crellin said: "Any fool can offer fantastic online service if they forget about that."

"Grocery is a mass catering business, but what you've got is a mix of people who want something now, people who want something luxury, people who want something not here, but over there."

Crellin suggested that, in the future, the paradigm of services supermarkets offer will shift – depending on what the customer values most.

He used online delivery as an example, pointing to services such as varied priced delivery slots and "green van" grouped delivery slots as ways to charge customers for added value, depending on what is most important to the customer.

This will lead to retailers offering a quick turnaround where possible, provision of valued services and number of viable options, rather than low cost and a wide variety of options.

This might depend on a number of variables, such as the time of year or customer location. As the proliferation of online retail increases, the customer is becoming more confident in deciding what they want and how they want it – and the retailer is not always catering to these needs.

What the retailer will offer the customer will depend on the retailer, as customers have different expectations of different places.

“Actually the customer changes depending on our customer mission.” Crellin said.

How should retailers achieve this? Crellin points to trial and error – adopt a fail-fast and adapt mentality to find what works, and figure out how to offer value-added services, even if they cost.

Give the customer what they want

Using click and collect services as an example of a value-added service that can cost a retailer, Crellin explained that different delivery methods vary in value depending on who is asked – the retailer or the customer.

He explained that retailers value fulfilment from drive-through above other methods of delivery, then pick-up lockers, then collection from stores and, lastly, externally manned services.

But for customers, although fulfilment from drive-through is still top, externally manned services have more value than other delivery methods – so to offer a good online and offline service, a balance needs to be found.

Crellin suggests talking to customers about what they want and, if what you’re doing as a retailer doesn’t meet your criteria, stop – even if it’s an entire channel.

“The Sainsbury’s answer is something that’s relevant to Sainsbury’s, it’s not necessarily relevant to Tesco, it’s not necessarily relevant to Waitrose, or to John Lewis or to anyone else.” Crellin stated.

Link: <http://www.computerweekly.com/news/4500255393/Customers-dont-know-what-they-want-from-retail-omni-channels-says-Sainsburys>