



One retail strategy that won't go away any time soon is "omnichannel". Why should it? It's in the process of changing the way you shop and buy as a consumer, and if you're involved in e-commerce or the supply chain, it's having a big effect on your work as well.

Definition of what exactly is omnichannel?

As usual, many definitions are out there but Wikipedia's is as good as any: "a seamless approach to the consumer experience through all available shopping channels, i.e. mobile internet devices, computers, bricks-and-mortar, television, catalog and so on." What it means for you, the consumer, is that you're really calling the shots. What it means for the "supply chain you" is that you better have your act truly together. For e-commerce and IT professionals, integration, speed, and transparency are must-haves.



Omnichannel Glossary

3PL/4PL – third-party logistics providers are: freight forwarders, courier companies other companies integrating & offering subcontracted logistics and transportation services. In the "PL" terminology, it is important to differentiate the 3PL from the 1PL, which are the shipper or the consignee; 2PL, which are actual carriers; 4PL (fourth-party logistics provider), which were originally just consulting firms specializing in logistics, transportation and [supply chain management](#) such as Rollins, Deloitte, SCMO (company) or BMT Limited. Now a new crop of companies have emerged who are actual transportation companies too. While a 4PL is sometimes described as non-asset-owning service provider, their role is to provide broader scope managing of the entire supply chain. Now, along comes the 5PL who sometimes define themselves as broadening the scope further to e-business.⁶

B2B – **Business To Business**: a type of commerce transaction that exists between businesses, such as those involving a manufacturer and wholesaler, or a wholesaler and a retailer. Business to business refers to business that is conducted between companies, rather than between a company and individual consumers. This is in contrast to business to consumer (B2C) and business to government (B2G).⁷

B2C – **Business To Consumer**. Business to consumer refers to businesses that sell primarily to individual consumers.⁷

B2G – **Business To Government**. Business to government refers to businesses that sell primarily to government agencies.⁷

Big-box store – a large retail store whose physical layout resembles a large square or box when seen from above. A **big-box store** is characterized by a large amount of floor space (generally more than 50,000 square feet), a wide array of items available for sale, and its location in suburban areas. Big-box stores often can offer lower prices because they buy products in high volume. Also called supercenter, superstore or megacenter.

Brick-and-mortar – a traditional "street-side" business that deals with its customers face to face in an office or store that the business owns or rents. The local grocery store and the corner bank are examples of "brick and mortar" companies. Brick and mortar businesses can find it difficult to compete with web-based businesses because the latter often have lower operating costs and greater flexibility.⁷



Consumer experience (CX) – also called customer experience, is the [perception a patron has](#) after engaging with a company, brand, product or service.

CRM contact center (customer service, call center, etc) – is a computer-based system that provides call and contact routing for high-volume telephony transactions, with specialist answering “agent” stations and a sophisticated real-time contact management system. The definition includes [all contact center systems that provide inbound contact handling capabilities](#) and automatic contact distribution, combined with a high degree of sophistication in terms of dynamic contact traffic management. There are a lot of synonyms for this important function.¹¹

Cross-docking– [cross-docking](#) can be a cost-effective and efficient distribution strategy. The objective is to streamline the supply chain from point of origin to point of destination. Major activities are consolidating shipments and re-distributing partial loads.

Customer – the individual who is the entire objective of omnichannel. The customer should experience a consistent retail experience across mobile, online and in-store channels. The industry leverages behavioral profiling, including preference, to enhance the customer buying experience.

Customer Experience Management (CEM) – a business strategy that focuses and redefines the business from the customer viewpoint. CEM assumes that products and services are no longer sufficient to satisfy the customer and elevate the value proposition to the level of an experience. At the core of the CEM strategy is an organizational experience that defines the value for both employees and customers.¹⁰

Distribution Center (DC) – a facility that is usually smaller than a firm’s main warehouse and is used for receipt, temporary storage, and redistribution of goods. Also called branch warehouse or distribution warehouse.

Delivery locations for customer pickup – a location where a package can be picked up by the customer. Major express companies promoting this service are [UPS](#) (North America) and [Kiala](#) (Europe).

Drop shipping – [drop shipping](#) involves a manufacturer or distributor fulfilling and shipping orders directly to the end customer.

E-Commerce – ([electronic commerce or EC](#)) is the buying and selling of goods and services on the Internet. In practice, this term and a newer term, [e-business](#), are often used interchangeably. For online retail selling, the term [e-tailing](#) is sometimes used.

Enterprise App Stores – applications are being developed with the features and functionality of Amazon, Google, Facebook and the Apple App Store in mind to improve consumer experience.

E-Retailer – a company whose primary business is the sale of goods and services through the Internet. Electronic retailing, or e-tailing, can include business-to-business and business-to-consumer sales. E-tailing revenue can come from the sale of products and services, through subscriptions to website content, or through advertising. It is a play on the words “retail” and “e-commerce.”⁷

Fulfillment – [sequence of steps](#) involved in processing an order to the satisfaction of the customer and making the necessary changes in the inventory records. It may also include processing of returns and adjustment of the records. Also called order processing.

Global markets – [emerging online markets around the world](#) present a huge opportunity for retailers that want to diversify their revenues with online sales to customers abroad.

Home Shopping – the [browsing and purchase of goods offered](#) on television or using a computer (Internet); also called electronic shopping.



Logistics – that part of the supply chain process that plans, implements and controls the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption in order to meet customers' requirements.⁸

Manufacturers – the term **Manufacturer-Direct**, also known as **Factory-Direct** refers to a business model in which the manufacturer sells its goods directly to the end user of the product. Thanks to Internet and the e-commerce capabilities, the number of manufacturers that decide to go online and sell direct to their customers without intermediaries is increasing quickly. There are 4 types of manufacturers who sell direct to consumers online:

- (1) No retail stores, sell only through retail partners (e.g. Bose);
- (2) Retail stores and retail partners (e.g. Sony Store);
- (3) Retail stores, no retail partners (e.g. American Apparel);
- (4) No retail stores or retail partners, only available online/phone (like Dell used to)

Mobile commerce – the use of wireless handheld devices such as smart phones and laptops to conduct commercial transactions online. Mobile commerce transactions continue to grow, and the term includes the purchase and sale of a wide range of goods and services, online banking, bill payment, information delivery and so on. Also known as m-commerce and mobile engagement.⁷

Mobile internet devices (MID) – a MID is a small Internet communications unit designed to provide entertainment, information and location-based services for the consumer market (rather than the enterprise). The MID is a larger form factor than a handheld device but smaller than the Ultra Mobile PC (UMPC). As such, the device has been described as filling a consumer niche between cellular telephones and tablet PCs.

Multichannel – **multichannel** is an operational view – how you allow the customer to complete transactions in each channel. Omnichannel, however, is viewing the experience through the eyes of your customer, orchestrating the customer experience across all channels so that it is seamless, integrated and consistent.⁵

Omnichannel fulfillment – **omnichannel fulfillment** seeks to prioritize order delivery based on individual customer needs or preferences. The goal is to fulfill every SKU from every channel for every demand source.

P2P – on the Internet, **peer-to-peer** (referred to as P2P) is a type of transient Internet network that allows a group of computer users with the same networking program to connect with each other and directly access files from one another's hard drives. Napster and Gnutella are examples of this kind of peer-to-peer software. Major producers of content, including record companies, have shown their concern about what they consider illegal sharing of copyrighted content by suing some P2P users.

Retailer – a business or person that sells goods to the consumer, as opposed to a wholesaler or supplier, who normally sell their goods to another business.¹²

RFID – (**R**adio **F**requency **I**dentification) a data collection technology that uses electronic tags for storing data. The tag, also known as an "electronic label," "transponder" or "code plate," is made up of an RFID chip attached to an antenna. Transmitting in the kilohertz, megahertz and gigahertz ranges, tags may be battery-powered or derive their power from the RF waves coming from the reader. Like bar codes, RFID tags identify items. However, unlike bar codes, which must be in close proximity and line of sight to the scanner for reading, RFID tags do not require line of sight and can be embedded within packages. Depending on the type of tag and application, they can be read at a varying range of distances. In addition, RFID-tagged cartons rolling on a conveyer belt can be read many times faster than bar-coded boxes.



Shopping channels – a television channel which shows products that you can buy, and allows you to buy them by pushing a button on your television’s remote control. A form of home shopping.

Showrooming – consumers using a physical retail establishment and resources to research a purchase later made on a website or through a mobile device.⁴

Social media – interaction among people in which they create, share and/or exchange ideas and information in virtual communities and networks. Examples include Twitter, LinkedIn, Facebook, Instagram and many others.

Storage lockers for deliveries – Amazon has begun to use “**delivery lockers**” in various markets. They have quietly installed large metal cabinets—or Amazon Lockers—in grocery, convenience and drugstore outlets that function like virtual doormen, accepting packages for customers for a later pickup. Customers gets a code to open the locker.

Store location rationalization – A reorganization of a company in order to increase efficiency. This reorganization may lead to an expansion or reduction in company size, a change of policy or an alteration of strategy pertaining to particular products.⁷

Suppliers – someone whose **business is to supply a particular service or commodity**.

Supply Chain – A supply chain is the process of moving goods from the customer order through the raw materials stage, supply, production, and distribution of products to the customer. All organizations have supply chains of varying degrees, depending upon the size of the organization and the type of product manufactured. These networks obtain supplies and components, change these materials into finished products and then distribute them to the customer.⁸

Footnotes

1. [What’s Omni-Channel Mean to Me?](#) EC-BP, Michael Martz, April 4, 2013
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3. [The Buzz About Omnichannel](#), EC-BP, Michael Martz, June 25, 2013
4. [To Showroom or Not...](#), EC-BP, Michael Martz, July 11, 2012
5. [Is it a Multi-Channel or an Omnichannel Customer Experience?](#), Business2Community.com, Kathy Juve, August 29, 2013
6. [3PL / 4PL / 5PL / 6PL Definitions](#), EC-BP, Ken Kinlock, May 20, 2010
7. [Investopedia – Dictionary](#)
8. Supply Chain Definitions from [The Council of Logistics Management](#)
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10. [Revolution in CRM](#), EC-BP, Ken Kinlock, November 8, 2013
11. [Social Media and CRM](#), EC-BP, Ken Kinlock, September 17, 2012
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Other Resources

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[Retail Systems Research \(RSR\)](#), “The Candid Voice in Retail Technology Research”

[Internet Retailer®](#) “Portal to e-commerce intelligence”

[Shop.org](#) NRF’s Digital Division