5 KPIs Which Show It's Time to Invest in Multi-Channel Retail Software

Here are five key indicators that the time has come to invest in a true multi-channel retail software solution.

Many businesses suspect that their current IT systems are not up to scratch, but without concrete evidence, justifying the investment can be difficult. The reality is that data is the lifeblood of your retail operation, and if you are to make a successful transition to multi-channel retailing, and also fully recognise cost-savings, the quality and availability of information becomes critical.

Here are five key indicators that the time has come to invest in a true multi-channel retail software solution.

1. Incomplete KPI reporting

Before being able to monitor KPIs, you need to be able to capture relevant metrics. And to assess how well your business is performing, you need to be able to accurately report on every aspect of operations.

For businesses with a bespoke system, this level of granularity should already be present. For retailers using best-of-breed software, the information may be available, although tying the relevant data together from multiple sources into a single report could be time-consuming.

Your current KPI reporting system may need replacing if:

- **You cannot gain a holistic overview of your multi-channel retail operations easily.**
- **Data takes days or weeks to be collated from disparate systems for reporting.**
- **Information is not available quickly, preferably in real time.**

> **"The dashboard and auto-alert reporting technologies employed by Best-in-Class organisations provide the capability to rapidly make the organisation aware of changing performance metrics. These approaches can also serve as a way to inform the organisation of specific actions that can improve performance and alleviate harmful situations before they happen."**
>
> **Smart Decisions: The role of Key Performance Indicators, Aberdeen Group.**
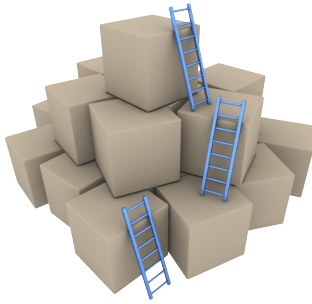
2. Stock visibility

Many retailers struggle with stock planning and management because they cannot accurately identify stock levels throughout their supply chain. This causes further problems when trying to allocate orders, process returns and manage back orders.

With a transparent stock management system, your business will benefit from:

- **Reduced costs - no more over- or under-ordering of stock.**
- **Better allocation of stock to various channels.**
- **Improved handling of customer orders and returns, helping to improve satisfaction levels.**
- **Easier warehouse planning.**
- **The potential to introduce drop shipping to further reduce stock management costs.**

If your current system contains 'blind spots' where stock is invisible, you need to look for a replacement.

3. Customer satisfaction scores

The Internet has levelled the playing field when it comes to product offerings, leaving little to differentiate retailers. Customer experience is rapidly becoming the deciding factor for shoppers, and is vital for encouraging brand loyalty.

Retailers need to take a long, hard look at their customer turnover statistics to define:

- **The difference between customer acquisition and attrition rates.**
- **The cost of acquiring a new customer.**
- **The average lifetime value of each customer.**

You should be able to easily call up a full purchase history for existing customers so that you can easily answer queries when they contact you; being able to respond immediately will further raise customer satisfaction levels. And with clever use of your data, you can tailor services to the individual customer's needs to improve their experience.

If your system cannot deliver customer data and satisfaction scores quickly, it's time to invest in a new multi-channel retail system.

> **Companies with the highest Customer Engagement levels were found to yield an annual increase on ROI of 8% above the industry average, while companies with low engagement levels saw a decrease on ROI 23% below the industry average.**
>
> The importance of customer satisfaction and customer engagement in business outcomes – Peoplemetrics

4. Operational costs

The idea of a multi-channel retail software system is to provide value to your business. Whether your business opted for an off-the-shelf solution, a bespoke platform tailored to your specific needs, or a best-of-breed mix of applications, if they are not *saving* money, they are failing at their most important task.

Legacy systems based on old technology are inflexible and can be costly to maintain. Changes to your mode of operation, or the addition of a new sales channel may also be beyond the capabilities of your existing system.

Your business needs to:

- **Carefully calculate the annual running costs of your existing system.**
- **Calculate the projected running costs of a suitable replacement.**
- **Factor in efficiency savings of the new system.**
- **Estimate the growth potential allowed by the new system.**

With these figures in place, if the old system cannot compete with a replacement, it's time to change.

5. Sales lead times

The faster you can get your product from the supplier to the customer, the quicker the route to profit. To sell more, you need to be able to increase sales throughput. This means identifying and resolving bottlenecks in the supply chain.

Does your current system allow you to see . . .

- **Order lead times?**
- **Delivery issues?**
- **Product supply issues that result in lost sales?**

As with stock visibility, the more of your supply chain that is visible, the better you can plan orders and improve customer service to reduce the likelihood of lost sales. Greater transparency will help improve sales throughput.

Taking the decision

Do you need to invest in a multi-channel retail system? The answer is yes, if:

- **You cannot access information from every aspect of your business quickly and easily.**
- **You cannot easily see stock levels at every point of your operation.**
- **You do not have easy access to customer data to improve service offerings.**
- **Your system costs more to manage than it saves your business.**
- **Your current software is limiting your business expansion potential.**
- **You cannot see supply chain issues that negatively affect sales lead times.**
- **You want the 'single customer view' that can identify the consumer and track activity; be flexible enough to cater for consumers across devices and channels; and join these up so that no activity is run in a silo.**

To learn more about how the right multi-channel retail software can reap benefits across your business, apply for a free consultation now with the experts at Sanderson

Apply now ▶