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Retailer's Guide to Unified Commerce

Profitably Connect Online
and In-store Sales

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Retailer's Guide to Unified Commerce

Profitably Connect Online and In-store Sales

The retail space is rife with opportunity—more and new sales channels, social retail, and personalized product recommendations, to name a few. But those same factors have also made it more complex to run a successful retail business. So retailers are looking for technology that can simplify their operations by integrating and unifying data and processes from various channels. This is the idea behind “unified commerce,” which has emerged as a strategy to help retailers build a consistent and positive customer experience no matter where shoppers interact with your company.

Unified commerce must be built on centralized data and automated business processes. Whether consumers are shopping in-person or online, retailers need systems that can manage orders and inventory, track and report on data accurately, and provide the relevant and timely information that customers want. And they need to handle these tasks efficiently to protect your margins.

The right technology opens the door to the automation that is key to reducing retailers' costs and boosting their profitability in this ultracompetitive and complex era

A Snapshot of Retail Sales Trends From 2019 to 2028

- Online retail sales grew by more than 40% in 2020 and into 2021 during the earlier stages of the pandemic.¹
- In late 2021 and 2022, offline retail made a comeback, growing 14% and 6% year over year, respectively.²
- By 2028, total retail sales in the United States could reach \$5.8 trillion and online retail sales could hit \$1.6 trillion.³

of retail. Specifically, integrating ERP with ecommerce gives you the tools and real-time information to support innovation, helping you gain the flexibility to keep pace with rapid change and seize new opportunities when they arise.

¹ Miglani, Jitander. “U.S. Offline Retail Sales Will Reach \$4.2 Trillion by 2028.” Forrester. Aug. 1, 2023.

² Ibid.

³ Miglani, Jitander. “U.S. Online Retail Forecast, 2023 to 2028.” Forrester. July 20, 2023.

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The Channel Landscape Driving Unified Commerce

“Consumers are eager to enjoy the brands they love again—and eager to do so in a new tangible way. Virtual and digital experiences still matter. However, since the in-store experience is returning to prominence, retailers are focusing on enhancing their business in their physical units.” Walter Loeb, Senior Contributor, *Forbes*⁴

The National Retail Federation projects US retail sales will grow 2.5% to 3.5% in 2024, totaling more than \$5.2 trillion.⁵ Though the rate of growth is down slightly from 2023, consumer spending is still strong⁶ and the past several years have brought changes that are having a real impact on the shape and trajectory of the retail sector.

Consumer comfort with multiple shopping methods

In the wake of the pandemic,⁷ customers are much more comfortable using alternative shopping methods that have become mainstream, such as curbside pickup and buy online, pick up in-store.⁸ What did not happen, however, is a permanent shift away from in-person shopping. The same person might go in store for some items and exclusively purchase others online. Consumers expect options, which adds to the importance of a consistent in-store and online experience.

Expectations of convenience and communication

Buyers have been purchasing across multiple channels for years, and today these behaviors are largely determined by what's most convenient and cost-effective for them.⁹ This means retailers face pressure to deliver a consistent omnichannel experience and use personalization effectively in those channels to reach, communicate with, and retain customers.

Omnichannel complicates inventory management

As retail sales hum along, the flow of goods and services is still bumpy for many businesses as they struggle to manage the evolving costs and complexities of sales, inventory, warehousing, and fulfillment across numerous digital and physical channels. To cope, more businesses are shifting from offering goods and services for sale in multiple, largely separate channels—omnichannel commerce—to a unified commerce approach that integrates all sales channels and operations on a single platform. The pathway from omnichannel commerce to unified commerce can be complicated, with many moving parts to consolidate and centralize.

⁴ Loeb, Walter. “Retailers are Reshaping the Shopping Experience.” *Forbes*. May 15, 2023.

⁵ State of Retail and The Consumer, National Retail Federation. March 20, 2024.

⁶ *Ibid.*

⁷ Chatterjee, Dipanjan. “Consumer Spending Trends - 2023 Edition.” *Forrester*. Sept. 8, 2023.

⁸ The 2023 Consumer: Back to the Future. National Retail Federation. March 29, 2023.

⁹ *Ibid.*

Excessive inventory hurts profits

One challenge that plagued retailers the past few years is too much inventory, which is largely a lingering hangover from pandemic supply chain challenges. After struggling to meet consumer demand for more than a year, businesses finally started receiving all the product they ordered, and it turned out to be too much. At the height of the problem in 2022, retailers were sitting on billions of dollars' worth of inventory, causing the stock prices of some large retailers to drop.¹⁰ Although most companies have cleared out this excess inventory, it still had a real impact on their bottom line, making a clear case for improved inventory forecasting and management.

In 2022, total retailer inventories rose 12% to around \$740 billion.¹¹

Data management becomes more complex

Creating a unified shopping experience requires that retailers integrate online, in-store, social media, and brand-specific apps and data across all devices and touchpoints. Doing so requires retailers to collect and analyze enormous amounts of data—and the number of sources and volume of information will only continue to grow.



^{10, 11} Baum, Colleen; Hauer, Michael; Joglekar, Aniket; Turco, Alessandro. "Thinking beyond markdowns to tackle retail inventory's glut." McKinsey. May 8, 2023.

The Information Gaps Stymie Innovation

Retailers have information gaps between the ERP, inventory management, ecommerce, and point of sale (POS) systems they use to run their businesses. These disconnects hamper their day-to-day operations and leave retailers scrambling to solve problems, rather than being proactive and strategic in pursuit of unified commerce. Let's take a closer look at some of the biggest challenges.

Manual fulfillment workflows

Many retailers are managing orders with a hodgepodge of spreadsheets and basic order management tools, making it difficult, if not impossible, to set up the logic needed to correctly fulfill orders from the nearest or most cost-effective location.

The more expansive and complex your operations are, the more unwieldy fulfillment becomes and the harder it is to manage it all using manual workflows and spreadsheets.

Separate online and in-store systems

A lot of retailers are running on older software that was never built to support omnichannel commerce. Using such legacy systems to sell across multiple channels can cause serious issues that disappoint customers. For example, outdated platforms are susceptible to crashing if you add too much product content to your site or receive a high volume of traffic. Old POS systems pose problems because they don't integrate well with online sales. As a result, retailers are unable to blend their online and offline environments, and they must maintain two separate systems with no way to link inventory and fulfillment across online and in-store sales.

No single source of customer data

Many retailers lack a centralized source of customer data, so they can't easily capture and analyze the specific data they need for customer targeting and personalization. If a retailer wants to gather granular data at the customer or order level, they must cobble that information together—at the risk of missing key data points. Incomplete or inaccurate data hurts the retailer's ability to truly know the customer and personalize communication, promotions, product recommendations, and other offers.

Inaccurate inventory tracking

Tracking inventory manually, using multiple spreadsheets, often results in information that's outdated and inaccurate. The result: out-of-stocks (lost sales) and overstocks (high carrying costs). This can lead to other problems downstream, such as poor customer experiences that hurt long-term loyalty.

“We're at the point now where instead of waking up to 100 orders it's now more like 1,000. NetSuite, Shopify, and NetSuite Connector don't care about the high volumes. It all just flows with no issues.” Dan Goldman, CTO, Hammitt

International complications

Selling and shipping internationally introduces more complications that can absorb retailers' time and money. Retailers that are expanding sales into other countries need a host of capabilities to help them accept payment in multiple currencies, charge the correct local and regional taxes at checkout, ship across borders, manage returns and refunds, and comply with all relevant regulations. The right ERP system will help manage many of these issues, such as taxation, revenue collection, regulatory compliance, and cross-border shipping. The key is having a commerce platform that can easily and reliably integrate with an ERP system that can address these challenges.

Lack of scalability

Finally, relying on outdated technology and manual processes inhibits a retailer's ability to scale. Without automated data collection and processes, expansion becomes even more difficult as inventory management becomes more disjointed and order fulfillment requires additional time and manpower. Eventually, the cracks and holes begin to show, and the cost and effort to patch or work around them stands in the way of business growth. And if the business stagnates, it may start to shed customers.



6 Automations Integral to Profitable Unified Commerce

The challenges mentioned above are the driving force spurring retailers to innovate and modernize. Automation is a big part of resolving these issues to help improve business processes, deliver better customer experiences, reduce costs, and ultimately fuel growth and profitability.

73% of consumers prefer automation instead of staff in at least one area of the shopping experience.¹²

Here is a short list of areas you should automate to address the challenges of adopting unified commerce.

1. Inventory management. Automated inventory management gives businesses a real-time view of their inventory across brick-and-mortar stores, warehouses, and any other locations with stock. At any moment, you have a complete understanding of which products are selling, how quickly, and where, so you can make adjustments that will help maximize sales and optimize inventory levels.

For example, imagine you work for an expanding retail chain that's adding 10 new stores across six states along with two new warehouses to support fulfillment. You've been managing stock with an aging ERP system that does not update inventory data in real time. Lately, you've noticed a sharp increase in customer complaints regarding product availability,

inaccurate delivery estimates, and delays. If your chain adopts a perpetual inventory system that updates inventory levels as transactions happen across all stores and warehouses, there's a real benefit for customers. Up-to-date data makes it much easier for customers to make and receive purchases as expected, no matter where they live, what they've ordered, or how they choose to receive it.

Replacing manual inventory management with a perpetual inventory management system helps omnichannel commerce run more smoothly. It gives your supply chain more flexibility to handle increases in volume, in turn boosting fulfillment speed and customer satisfaction.

2. Demand forecasting. Demand forecasting pulls data from historical and recent demand, open opportunities, sales forecasts, and more to project what you need to purchase when to meet predicted demand. For example, if you run a home goods store but don't know what your demand will be for pumpkin pie-scented candles in the fall, you might simply make an educated guess based on whatever information you can dig up from outdated spreadsheets and gut feel. You put in a purchase order three months ahead of time, hoping it will cover expected demand plus a buffer. But due to this error-prone approach, when the season hits, demand is lower than you anticipated and you end up discounting or liquidating half your inventory in January just to get rid of it.

¹² Loeb, Walter. "Retailers are Reshaping the Shopping Experience." Forbes. May 15, 2023.



Demand forecasts rooted in several sources of accurate data from across your organization give you a better estimate of expected sales at any time of the year—in minutes instead of days—so you can act quickly and proactively. A system with this capability can also suggest when and how much to reorder. This makes it easier to accurately predict how many pumpkin pie-scented candles you'll need to purchase in the spring or summer, for example, to minimize discounted inventory later. This also helps prevent you from tying up too much cash in inventory. Instead, you can allocate those funds to fast-growing parts of the business and expansion.

3. Fulfillment logic. Fulfillment logic lets you customize the rules and logic that determine how orders are filled based on several factors. You can configure the system to automatically route orders to the nearest warehouse for fulfillment, or to the one with the largest amount of that product on-hand, or to split orders between different warehouses. You could also have it suggest that the customer pick up the item at the nearest store with the item in stock.

For example, consider a hardware store that has four locations and sells online. For online orders, you want to offer customers home delivery or the option to pick it up at their local store. To offer both options, you need accurate, up-to-date inventory data and delivery timelines to display on your ecommerce site.

With automated fulfillment logic, you can configure the system to automatically determine which warehouse or store the items will come from and project the delivery date. This information populates on the checkout page, giving the customer a real-time view of their options.

Precise fulfillment logic helps avoid the cost of hiring more people to manage increasingly complex options. It also avoids offering orders you're unable to support. Faster, more accurate fulfillment also directly contributes to a more positive customer experience, which increases long-term loyalty.

4. Syncing data across systems. Integrations between front-end ecommerce software and back-end systems such as ERP sync your sales, financials, inventory, and fulfillment data. This puts all your critical information—customer, item, order, financial, location, and more—in one place and lets you create dashboards, KPIs, and automated reminders so you can better monitor business performance and see any pressing issues.

Let's say you're a CFO for a growing apparel brand that uses QuickBooks for accounting and financial management. You might also need separate spreadsheets to track customer data and order data. But your accounting software and spreadsheets can't communicate with each other, so you're struggling to understand what's going on across the business and continually updating and moving data to keep records up to date.

Syncing between the various systems involved in unified commerce helps bring clarity and efficiency to operations and eliminate dependence on disparate systems and inefficient spreadsheets.

5. Storing granular customer data. Automatically recording customer-related data across channels helps you suggest relevant products and create personalized offers and promotions based on purchase history and other factors.

Imagine you're the director of merchandising for a national pet store that sells pet food, supplies, and accessories. You may want to capture customer-level data such as type of pet, size, breed, and age to make suggested products and promotions more relevant to customers. Automated customer data storage lets you get down to the finest points of who your customers really are so you can deliver consistent, personalized experiences and recommendations across all channels that will help draw in more customers and boost sales.

6. Cross-border sales and shipping. Software that can accurately calculate shipping rates and taxes and accepts and converts payment in multiple currencies, all while interacting with the customer in their own language, can give your business a major leg up.

For example, if you're the new VP of ecommerce for a luxury furniture store that's just started selling to customers in Western Europe, you need to accept payments in euros and pounds sterling and comply with cross-border shipping and tax laws. A robust ecommerce system will ease the effort required to comply with the rules and conditions of international sales and shipping, lowering the barrier to expand into new countries.

Excelling as a Modern Retailer With NetSuite and Shopify

To compete and earn business from customers today, retailers need top-tier ecommerce and business management software. Together, this technology can provide the real-time insights they need into their sales, supply chains, and customers.

NetSuite ERP and Shopify commerce are two such systems that help you efficiently run your back-end business processes and deliver an outstanding customer experience. With automated data mapping and transfer, you can connect your ecommerce storefronts, POS systems, online marketplaces, and third-party logistics partners in a single place.

NetSuite's cloud-based ERP system provides:

- Comprehensive, real-time inventory management, including demand and supply planning, purchasing, receiving, and order fulfillment across multiple locations.
- A direct connection between NetSuite and Shopify's ecommerce and POS software to sell your products online and in-store.
- Out-of-the-box and configurable dashboards, analytics, KPIs, and workflows, built specifically for retail businesses.

Together, NetSuite and Shopify can provide:

- A fast, reliable commerce experience with a customer-friendly checkout flow.
- Easy-to-build templates you can use to create, grow, and scale your online storefront.

- Speedy, efficient, and accurate order and customer management.
- Built-in international and B2B shipping capabilities that facilitate expansion into new markets and wholesale channels.

The combined power of NetSuite and Shopify helps retailers effectively manage sales, inventory, and fulfillment wherever their customers are, including buy online, pick up in-store and buy online, ship to store. Retail will never stop evolving, and NetSuite and Shopify can support your retail business amid shifting conditions by:

- Providing real-time data from across functions and making it accessible to everyone who needs to see it.
- Increasing the accuracy and predictability of inventory management.
- Speeding up and smoothing order, fulfillment, and other key processes.
- Helping to reduce operational costs and increasing profit.
- Giving you the tools and information needed to provide excellent customer experiences.

Unified commerce is the answer for delivering great customer-facing experiences. But if retailers choose not to update both front- and back-end business practices and technologies accordingly, or lag too far behind those that do, they risk stagnation.

Retailers Realize the Promise of Automation

Hammitt

Hammitt is a luxury accessories brand based in Los Angeles selling in more than 850 boutiques nationwide as well as its flagship store in Las Vegas.

Small Team, Big Needs

When Hammitt began using NetSuite to run the wholesale side of its business, it had five employees and a desire to automate as many manual systems as possible. That would not only allow the small team to do more with less, it would support growth.

In 2014, as more customers began shopping online, Hammitt's leadership knew the company needed an ecommerce storefront to replace a proprietary website that wasn't set up to manage online orders.

“We found Shopify, which was the online true cloud-based solution back then. We got Shopify up and running and quickly began selling [direct to consumers]. The combination of the two—NetSuite and Shopify—has really given us a huge strategic advantage.”

Tony Drockton, Founder, Hammitt

Leaning Into D2C

When the COVID-19 pandemic drove US ecommerce sales volumes up by 45%, Hammitt already had the technology in place to handle a massive uptick in orders.

“When the pandemic hit, we really leaned into D2C,” said Drockton. “We knew that was where most of our revenue would be coming from, and we wanted to be able to leverage that opportunity.”

At the time, Hammitt had a large volume of transactional data stored in NetSuite and Shopify. It took a hard look at that data with a focus on what was and wasn't working, which designs were selling better than others and which sales channels and retail partners were performing well. The company also performed pricing analysis and then used all these insights to design a more accurate, reliable forecasting methodology.

Inventory Is ‘100% Spot On’

If Hammitt's inventory counts are ever inaccurate, the company may wind up selling out of products or oversell on its website. Because the company sells a wide variety of stock keeping units (SKUs), if these discrepancies were to multiply across its product line, that would lead to even bigger problems.

Fortunately, Hammitt doesn't have to worry about either thanks to the integration between NetSuite and Shopify. As soon as orders ship, tracking information is sent to Shopify in real time and then shared with the customer.

“Our inventory is always 100% spot on,” said Dan Goldman, CTO of Hammit. “So our customers are always happy, and that's our ultimate goal on every order.”

[Learn more](#) about Hammitt's story.

[Find out how](#) NetSuite and Shopify can help your retail business connect crucial data from across your operations and automate key processes.

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