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As seen on Harwood Floors

## Don't Neglect Half of Your Retail Business Think Beyond the Front of House

It's time to bring the back of house to the forefront of your technology strategy.

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B2B and B2C vertically integrated retailers—businesses that control multiple stages of the supply chain—have poured resources into creating an engaging customer experience from the brick-and-mortar storefront to their ecommerce platforms. However, many have overlooked the important interplay between front- and back-of-house systems in improving a customer's journey.

In particular, these are retailers with vertically integrated operations encompassing manufacturing, wholesale, ecommerce and storefront sales who can't afford to operate in silos anymore.

They require seamless integration across every customer touchpoint.

## The Disconnect: Challenges in Synchronizing Retail Operations

One of the most significant challenges facing retailers today is the disconnect between

front-of-house systems, like counter point-of-sale (POS) terminals and ecommerce, and back-of-house operations, such as inventory, wholesale and manufacturing. The fragmentation causes inefficiencies that ripple throughout the business.

Take inventory management. When data from the POS system fails to sync with warehouse systems, a retailer may show items as in stock online, only for customers to find them unavailable in store. This gap frustrates your customers, eroding their trust and brand loyalty. Given that 62% of retailers in a recent Digital Commerce 360 report said that their customers checked online for product availability at a nearby store, this is table stakes today.

One well-known example where systems didn't align with actual stock levels took place



with a large nationally known retailer; it led to customer dissatisfaction and operational inefficiencies. That year, the company took significant steps to address overstocking by marking down items with weak demand, canceling orders, and reducing future purchasing plans. These actions led to an 87% decrease in operating profit for that period, highlighting the financial impact of misaligned inventory levels.

What's causing the disconnect between front and back of house? Among other causes, supply chains have grown increasingly complex, data remains in silos, customer expectations keep changing, pricing tiers can vary across channels, and legacy systems can make it difficult to bring it all together.

But surveys say that creating a seamless customer experience is top of mind for many retailers (40%). The Retail TouchPoints Omnichannel and Fulfillment Benchmark Report found that more than half the respondents are prioritizing "reacting more quickly to business/market changes."

They recognize that end-to-end visibility is not just a luxury but a necessity, providing:

- **Inventory synchronization** across all sales channels, reducing errors and delays.
- **Enhanced customer experiences** by ensuring accurate stock levels and seamless order fulfillment.
- **Operational efficiency** by aligning manufacturing schedules with real-time demand.



Consider these examples that we've seen firsthand:

- **A major specialty flooring retailer and manufacturer**, operating over 150 stores with \$1.15 billion in revenue, faced big challenges from legacy IT. These systems adversely affected sales and customer service. The company implemented an advanced order management solution to streamline operations and overcome their order management challenges.
- **The Tile Shop** integrated their systems to support in-store consultations and ecommerce operations and provide a more cohesive customer experience.
- **One nationally-known specialty baking company** overcame challenges in managing both wholesale and ecommerce channels by adopting a unified system for better inventory control and faster order processing.

So, what's the next step? While ERPs are excellent for handling enterprise business processes, they were never designed to be standalone solutions for all retail needs, especially in today's evolving omnichannel environment. Yet many retailers haven't evolved as quickly; you'll often find them using multiple platforms to fill gaps, which further complicates integration.

For example, some of the largest ERPs offer sales and order processing tools that can be notoriously difficult to learn and lack intuitive functionality. This makes training staff more difficult. Unified systems unlock operational agility through:

- Seamless communication between

- POS systems, inventory and manufacturing to reduce errors and inconsistencies.
- Advanced analytics to provide predictive insights so retailers can anticipate demand and optimize their supply chain.
- Minimizing manual data entry and transfers and cutting time to train.

The real game-changer is bridging each part of their operations -whether that is in the front of the house, or the back of the house. For specialty and vertically integrated retailers, embracing this unified approach is not just a strategy — it's the key to delivering exceptional customer experiences, outpacing competitors, and unlocking long-term growth.

