

CUSTOMER-CENTRIC COMMERCE

HOW TO ALIGN MARKETING AND TECHNOLOGY TO BETTER SERVE TODAY'S CUSTOMER



INTRODUCTION

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KEY FINDINGS: WHAT THE TOP500 TELL US ABOUT THEIR DIGITAL TRANSFORMATION

- **66%** of Top500 retailers rate digital transform as crucial
- **45%** are 'well on their way' to digital transformation
- **45%** of retail and brand marketers are focussing their digital transformation online and **12%** on mobile
- Speed of technology change (**49%**), disparate systems (**44%**) and Integration (**33%**) are seen as the biggest hurdles to digital transformation
- **57%** are held back from more rapid digital transformation by budget constraints, **48%** by legacy tech
- **57%** see digital transformation impacting customer service the most and **51%** personalisation

Nothing has brought home quite how 'digital' the modern world of retail has become than the domino-like toppling of once-proud High Street brands. A look at a typical High Street these days reveals a gap-toothed grimace of vacant properties where once stood a House of Fraser, a Woolworths, or a Toys R Us.

Equally, however, many 'established' brands are no longer safe online either. With Amazon slowly but surely becoming the *de facto* 'search engine for retail' among consumers, online and mobile is almost as competitive.

While there are many forces at work here, one of the keenest felt is that of changing consumer needs and habits driven by the rise of digital technology. To meet these changes, retailers have to digitally transform their businesses – from the boardroom right through to the warehouse. However, from a marketing, sales and customer acquisition stand point, this is a huge challenge.

This need for rapid digital transformation places most retail and brand marketers in the eye of a unique storm: they need to balance an increasingly complex front-end customer-facing set of activities against the back-end capabilities of retail craft and technology. In essence, they have to be both swordsman and swordsmith.

The front-end of a retail business needs to be keenly focussed on customer acquisition, retention, SEO, driving channel engagement, driving cross channel engagement and driving visitors – to all channels. This has traditionally been the marketing department, or external agency's role.

Meanwhile, the back-end – the engine room of technology – is focussed on efficient running and integration of the ecommerce platform, the ERP, CRM, mobile, apps and POS – not to mention working with evolving machine learning and AI tools that aim to help refine marketing activity of the front-end.

In the middle is the customer. Their central position means that digital transformation has to be customer-centric across both front and back-end functions. Both must focus on the needs of the customer now and into the decades ahead – balancing what can be (and needs to be) delivered today and how that has to also act as the foundation for the future.

And what holds it all together is the strategic glue of marketing technology combined with marketing strategy.

This white paper looks at what customer-centric digital transformation is, what consumer demands are today and where that might lead. In doing so, it uncovers how you bring these together to create and run an efficient and effective multi-channel retail business now and into the future. It also assesses whether you keep it in-house and develop skills and technology to fit; whether you outsource it all to an integrated marketing and technology agency; or whether you mix and match.

The white paper also looks at the technology needed, the ROI models around the various strategic deployments and how to manage the process. It focusses on how back-end and front-end can work together and the relative challenges and rewards associated with using external agencies around front-end customer interaction and marketing and in-house and outsourced back-end operations.

Featuring bespoke research from among *InternetRetailing's* Top500 retailers and case studies from among those respondents, the white paper offers senior board level e-commerce directors, marketing executives, directors of IT, CDOs and directors responsible for strategic technology and market planning an insight into what these challenges specifically entail for both the front and back-ends – giving an invaluable insight into how the competition and non-competitors are thinking, as well as offering some tips and ideas from the best of the best.

These are challenging times for retailers – be they pure-play, be they omni-channel, be they marketplaces – and, while addressing digital transformation isn't the only panacea, it is the fundamental jumping-off point to align your business with where your consumers are heading.

Failure to do so will lead, as we are seeing across the High Streets of the UK, to failure in every sense. Getting in right, however, can yield some business-changing results, as we shall see. ■

SPONSOR'S INTRODUCTION

Retail today is dominated by those that have combined marketing and technology to serve customers as effectively as possible. The best example is undoubtedly Amazon, enjoying 43% of all online sales in the US, whilst growing their worldwide public cloud computing market share to over 30%. They have an army of human drivers delivering 1.6 million packages each day, but also 45,000 robots roaming the floors of their giant warehouses. They sell physical books, but also sell their Kindle readers to facilitate digital book downloads. They make physical devices that you can speak your order to, and if you are not home their recently launched Amazon Key allows delivery drivers to enter your home and leave your packages for you, and within 2 hours of your order having been placed.

This extreme alliance between marketing and technology in one business is not just an isolated peculiarity specific to Amazon - it reflects a paradigm shift in what it means to be a retailer, where the marrying of marketing and technology is necessary to meet the growing needs of an ever more complex and demanding consumer.

“This extreme alliance between marketing and technology in one business is not just an isolated peculiarity specific to Amazon - it reflects a paradigm shift in what it means to be a retailer”

Some of these advances are driven by retailers striving for greater efficiency, but most are conceived explicitly to deliver competitive advantage in the attraction and retention of customers. It's about customer experience, first and foremost, driven at speed by technological enablement. It is product and service

design driven by the desire to delight the consumer, finally made possible through the unique power of digital spilling out into the real world.

Customer experience has become more and more important as the consumer, and how they interact with the world, online and offline, has changed dramatically. Smartphone visits have overtaken desktop visits for every retailer we work with, which means that consumers are engaging with brands whilst on the go, often within minutes of the high street. Beyond smartphones, other devices are getting smarter too, from your speakers to your fridge. The line between offline and online is blurring daily; when a beacon in a store sends you deals based on your previous online buying behaviour, is that offline or online marketing?

The requirement is clear, to marry marketing and technology to better serve today's customer, but it is easier said than done. It puts into question roles and responsibilities within your organisation, the nature and capabilities of your agency partners, how data is collected and used, your culture, your R&D budgets, and what underlying technical architecture and commerce capabilities you are operating with.

To reflect this new reality, today's agency needs to produce integrated, transformational strategies across the entire digital space, not just single improvements. They need to create new eco-systems, not just build individual systems. To do this they need to have the creativity and media capabilities of a media group and the technological and transformational skills of a consultancy. And like yourself, it needs to put your customer front and centre.

In this paper we shall see that customer-centric commerce requires bold, integrated strategies.

Now, it's your turn to be brave. ■

greenlight



ANDREAS POULOS

Chief Executive, Greenlight



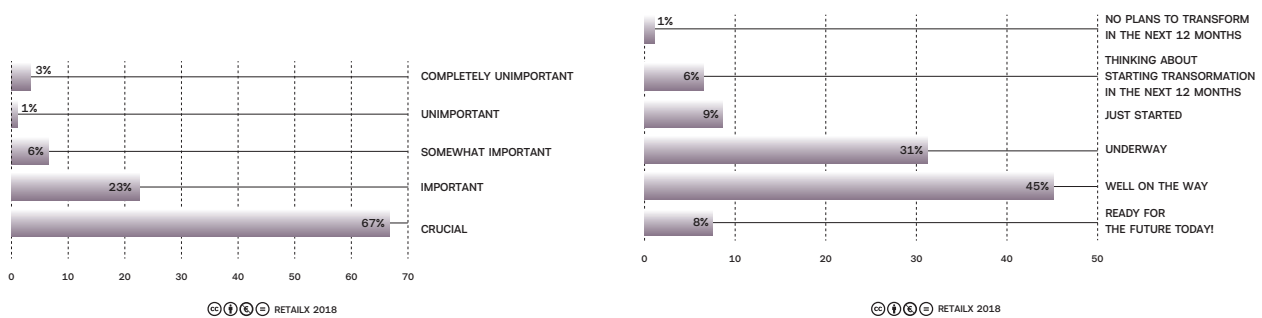
KEVIN MURRAY

Managing Director, Greenlight Commerce

RESEARCH FINDINGS

So where are the Top500 retailers at with digital transformation and why are they doing it? As part of the research for this report, we anonymously quizzed the *InternetRetailing* database of Top500 retailers to gauge the drivers, challenges and results of digital transformation on their businesses. Here are the results.

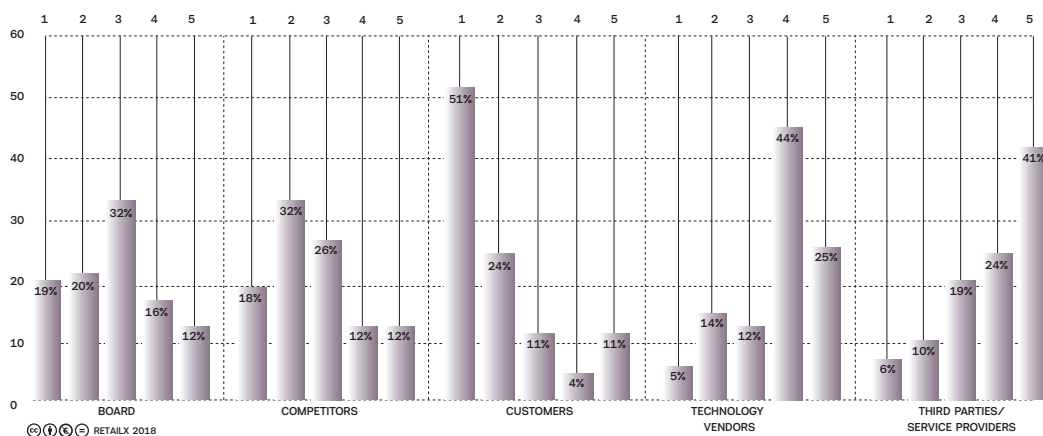
HOW IMPORTANT IS DIGITAL TRANSFORMATION TO THE FUTURE SUCCESS OF YOUR BUSINESS AND WHERE ARE YOU ON THE ROAD TO DIGITAL TRANSFORMATION?



An overwhelming 67% of retailers view digital transformation as crucial, while another 23% see it as important – meaning that 90% of retailers across the Top500 are well aware of the need for digital transformation in their business. This is encouraging, although hardly a surprise: all retailers know that consumers are digital and they have rapidly evolving needs and demands.

Off the back of this, 45% and 31% of Top500 retailers consider themselves well on the way or at least underway, respectively, with their digital transformation processes. Together, these data points paint a hearten picture: retailers know they have to do it and are doing it.

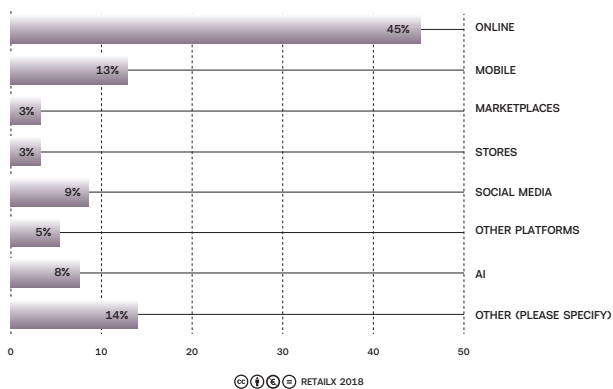
WHAT IS DRIVING YOUR NEED FOR DIGITAL TRANSFORMATION?



At the heart of this digital transformation process that is well underway for the majority of retailers are the customers, with 51% of retailers logging this as their primary driver. Interestingly, the second biggest driver at 32% is competitors. Third comes the board. Taken together, these top three show that digital transformation is a top business issue for retailers, driven from the top and implemented company wide.

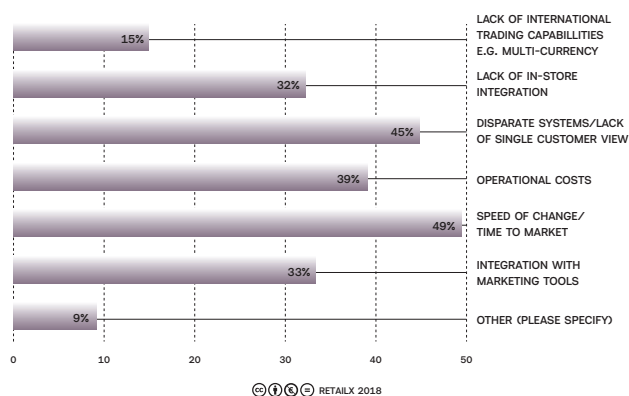
NOTE: 1 = biggest driver, 5 = least important

WHAT TECH AND MARTECH ARE YOU USING TO DIGITALLY TRANSFORM?



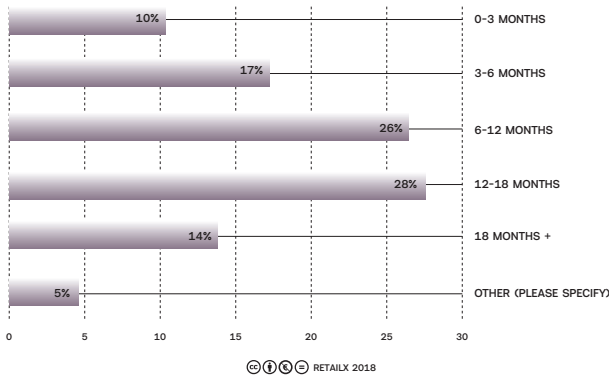
Naturally, online (45%) and mobile (13%) are the technology areas that retailers are focussing on when it comes to digital transformation. A few are using marketplaces and their stores, but it is, perhaps unsurprisingly, the digital channels where attention is focussed. Interestingly, 9% are using social media to drive this process and 8% AI. These numbers are low – especially for AI – and show how, perhaps, retailers are still focussed on ‘traditional’ channels when looking to engage consumers and to transform how they do that. These numbers, we believe, are likely to grow over the coming years as these technologies become more central to the retail and brand marketing communications function.

WHAT ARE YOUR BACK-END TECHNOLOGY CHALLENGES WITH DIGITAL TRANSFORMATION AND MULTICHANNEL?



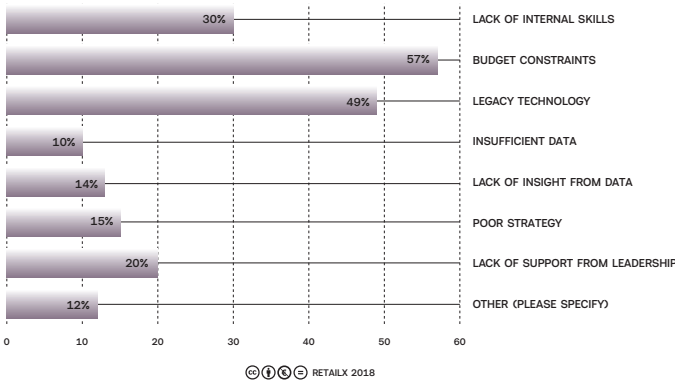
Part of the problem retailers have today is that delivering the kind of experience consumers want requires a costly, complicated and slow process in the back-end – and by the time it is in place, customer preferences have moved on again. Retailers are forever playing catch up. Here we get to the real practicalities of digital transformation and the data bears it out. While the front-end and engagement channels are the obvious face of digital engagement, it is the back-end from where it is driven that really matters. The speed of technology change – and the speed of change of what is demanded of back-end systems in digital transformation – pitted against changing demand from consumers moving at an accelerating pace combine to make this the biggest headache for retailers (49% of them, in fact). Piecing this together with trying to work with disparate systems and the lack of a single customer view is also a large headache for 45% of retailers. Lack of integration and costs are also up there (33% and 39% respectively). Combined, these challenges aren't inconsiderable but overcoming them is fundamental to digital transformation.

HOW QUICKLY CAN YOUR BUSINESS MAKE THE CHANGES NEEDED TO DIGITALLY TRANSFORM AND MEET INCREASED CUSTOMER DEMAND?



So how fast can retailers respond? As the above results attest the answer here is ‘slowly’. Just 10% claim to be able to respond within three months, while the majority – 26% in 6-12 months and 28% in 12 to 18 months – are looking at more than a year. Nearly 14% take even longer than that. This isn’t a criticism of the retailers or their IT departments: as we have seen in the previous set of results, there are several large hurdles that must be overcome to implement digital transformation across a multi-channel or even a pure-play retail business and that takes time. Small retailers are usually considered more agile and may have an advantage – and probably make up the bulk of the 0-3 month percentile – but they also lack the finances, so they too are challenged when trying to digitally transform. Either way, the big issue is that, however rapidly retailers do adapt, consumers have already moved on.

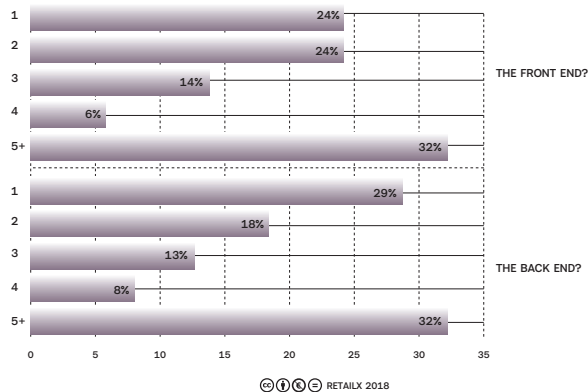
WHAT ARE THE MAIN THINGS HOLDING YOU BACK FROM RAPID DEVELOPMENT?



This just reinforces what the previous data set tells us: budget constraints (57%), legacy technology (49%) and lack of skills (30%) are the key reasons why retailers are struggling to deliver digital transformation in the kind of time frames that consumer demands dictate. This points towards retailers and brands having to look towards using third parties to help them deliver the digital transformation that they require and within the time frame required. While there are obviously cost implications with this, it often requires a much lower capex investment, spread payments/service as a service model, which can help to deliver what is needed. The advantage here is that a third party can often help connected legacy systems and provide the necessary extra technology needed more rapidly and with greater fiscal efficiency than a retailer purely trying to do it in-house.

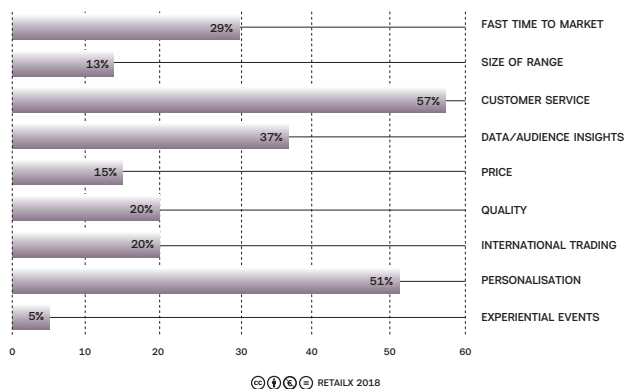
HOW MANY THIRD-PARTY SUPPLIERS DO YOU WORK WITH ON THE FRONT AND BACK-END?

Many retailers and brands already recognise this with 32% working with five or more third parties both in the front and back-end of their marketing communications. Typically, most retailers are working with one or two third parties in both



front and back-ends and, with the figures so similar, these may well be the same third parties in each. Either way, retailers are starting to adopt this approach to help deliver digital transformation within tight budgets and even tighter deadlines.

WHICH AREAS OF YOUR BUSINESS WILL DIGITAL TRANSFORMATION MOST IMPACT YOUR CUSTOMER ADVANTAGE?



So where is this digital transformation having the biggest impact? Perhaps unsurprisingly, customer service (57%) and personalisation (51%) are way out in front of almost all other business functions. Customer insight (40%) is also attractive to retailers, but this too feeds into the personalisation part of the wider marketing function, one could suggest, and shows that retailers see that the main point of digital transformation now lies in meaningful and inspiring engagement with customers. The fact that price comes so far down the list (15%) also shows how retail parameters and what retailers are trying to deliver to consumers has shifted dramatically over the past few years.

IN CONCLUSION

The research shows that retailers are well aware of the ever-changing needs and demands of their customers – and the need, then, to deliver digital transformation. The business drivers and benefits are clear to them: this is no longer about price, but about engagement, customer service and personalisation.

However, understanding it is one thing, delivering it quite another. Technology challenges around legacy systems, systems integration abound, which both slow the process and ramp up costs.

Speed of transformation is of the essence as the same customer demands that are driving the process are also constantly changing as habits change and technology evolves.

The biggest challenge, then, that retailers face – and which the data shows us they are more than well aware that they face – is delivering the digital transformation they know they need, but at a speed that can be prohibitively costly.

The solution may well lie in increased use of third parties to help with systems integration and the addition of more cutting-edge tech such as AI. Third parties can speed up the process and spread the costs, making it possible to meet the demands of consumers.

Many retailers in the Top500 clearly understand this, but many don't – or are yet to be convinced – which is what the next few chapters will seek to change. ■

DIGITAL TRANSFORMATION TODAY

The research of Top500 retailer views on digital transformation show that already they understand the drivers for it and are engaged in making it happen. It also outlines what some of the key challenges they face are – as well as perhaps indicating solutions to those problems too.

But what do we mean by digital transformation and what are the challenges facing marketing directors and board level executives in making it happen?

WHAT IS DIGITAL TRANSFORMATION?

Digital transformation is widely defined as the term for the profound transformation of business and organisational activities, processes, competencies and models to fully leverage the changes and opportunities afforded them by digital technologies. In other words, it is the change forced upon business by the rise of the internet and all that goes with it such as mobile, voice devices, big data and more.

In a retail context, digital transformation has taken on a wider meaning that embodies the need to change how retail is run to accommodate a massive shift in how people shop; from popping to their local store, to going online, or on mobile, 24x7 to get things when they want them.

In retail, digital transformation has also come to mean how stores use this digital technology to redefine the in-store experience, as well as how it can reshape everything from finding a local store to paying for goods without queuing up.

Within this, digital transformation has also come to define how retailers engage with their customers. While this used to traditionally be known as marketing, engagement – and indeed marketing – has come to cover how retailers engage with their customers and prospects to acquire and retain them, service them and sell to them, while also listening to and using their views to reshape the business and the marketing.

And it is this marketing-engagement idea of digital transformation that we shall explore in this white paper – and the transformation that has been driven almost entirely by a rapid shift in consumer behaviour.

THE INCREASINGLY DEMANDING CONSUMER

At the heart of digital transformation lies the consumer. The old retailer's adage of 'the customer is always right', has now come to mean that 'the customer is always right and right at the heart of everything you do'. Spurred on by digital technology, consumers now demand a different kind of relationship with their retailers and brands – and retailers and brands are fighting to offer that.

So what has changed about the consumer?

- **PERSONALISATION** – One of the overwhelming demands consumers now have of retailers and brands is that they want to be communicated with personally. Back in the day marketers were happy to get a name on the top of an email, but consumers always wanted more.

Today's consumers want to be talked to as individuals. With the vast majority glued to their mobile phones – the most personal of all devices – they expect to be contacted by (and to contact) brands that know them not just by name, but also by what they like and who they are.

There is much to say about personalisation in marketing, but from a digital transformation perspective it involves developing systems that can recognise and understand who consumers are.

Now, to do this on a one-to-one basis with every single consumer is, for now, not practical to deliver at scale. However, technology that can understand what kind of customer a consumer is and group them with like-minded

customers and prospects does give the organisation some degree of control over how personal an engagement a consumers gets.

- **LOCATION IN TIME AND SPACE** – Mobile has also ushered in the need to not only engage consumers on a personal level, but also to commune with them when and where they are in both space and time.

Geographical location has been made possible by mobile technology, so brands and retailers can pinpoint where a consumer is and, ideally, send them a message, or offer based around that location or what they might be doing there.

Increasingly, this has morphed into not only being about where they are, but also 'when' they are. Understanding how they want to be engaged based on time of day is also becoming critical. Building up a personalised view of what they typically do – or what the typical group does – can help retailers and brands interact with consumers with not only personalised comms, but also engagement that is suited to the time of day. Are they commuting to or from work? Are they at home surfing in front of the TV? Are they on holiday? Are they up in the dead of night feeding their baby?

Understanding this and location together adds a whole new dimension to personalisation – and the ever-demanding consumer expects this from brands and retailers across the board.

- **RELEVANCE** – The combination of personalisation and location in time and space means that retailer and brand messaging and marketing needs to be more relevant than ever. From a personalisation point of view, the relevance extends from getting the name of the consumer right through to giving them messaging about goods and services that are genuinely relevant to their needs and tastes.

“The combination of personalisation and location in time and space means that retailer and brand messaging and marketing needs to be more relevant than ever”

Producing this level of relevance is something that starts with recommendations based on habits and allied shoppers' choices, but ultimately it needs to extend way beyond that to almost second guessing what the shopper wants, almost before they know they want it.

Extending this relevance to the 'where and when' of that moment adds a whole other level of complexity – not only does the retailer or brand need to understand the habits and tastes of the consumer, but also their location and what they are most likely to be doing. Matching this together with what the shopper likes and is likely to want at the moment in that location is tough.

However, this isn't impossible. As we shall see, consumers leave a long and rich trail of data behind them as they move through the digital world. Capturing this data is one thing, using it quite another. Increasingly, retail and brand marketers need to rely on AI and other data processing technology – applied across the business – to understand these micro-moments and to tap into consumers on what feels to the consumer themselves as a personal level.

- **CONSISTENCY** – The final piece of the puzzle is consistency across channels and interactions. Personalisation and relevance are key to what you offer and how you reach out to consumers, yet making the experience they then get the same across all channels is also key.

While you as a retailer or brand may reach out to consumers through a particular channel – say via email to mobile – the shopper may not necessarily also

use mobile to follow up on that message. In fact, they may well open that email later on a desktop; or they may open it on their mobile and save it for later to look again on a desktop; they then may actually act on it later still on a tablet.

Making sure that no matter what channel they come to you through, they get consistency. And that isn't just consistency of look and feel, but also of offer. However, they engage with you about a particular offer then they expect that to carry through across all channels.

WHAT THIS MEANS FOR THE FRONT-END

The overwhelming trope of delivering this level of personalisation demanded by consumers – and the root of digital transformation – lies in using technology to be more human. Typically, engineers build things that are functional, but they don't take into account the vagaries of human beings not behaving quite how machines always expect them to. But there are many different ways in which the front end – the part that the consumer sees – needs digital transformation.

Equally, the vast amount of data that is now available to the front-end marketing and customer experience functions is so vast that many teams become paralysed as to what to do with it all.

While there is no simple quick fix, it is worth looking at a few key areas where the front-end of the business needs to focus its attention to deliver digital transformation.

- **CLARITY** – The first thing that consumers will see of your digital business will be your website and mobile presence – m-web, progressive web app, app, social *et al* – and this has to be clear and well designed.

Making digital properties easy to use and clear to the consumer is key if a digital transformation is going to yield results. The customer journey has to be clear and they want speed and convenience above all things in the digital age.

Making a site easy to navigate and swift to load is essential. The number of clicks to do anything has to be kept to an absolute minimum and, where possible, it is always best to try and get users to sign up once so that they can then use the site with minimum effort thereafter.

- **RELEVANCE** – Part of this clarity of site and swiftness of use lies in keeping it relevant at all times. Know as much as you can who the customer is that is on your site – another benefit of encouraging sign up and registration – so that you can start to create a digital impact that is relevant to the customer.

As discussed further on in this white paper in the case studies, evidence suggests that consumers want some recommendations, but not too many and that they expect to see what they want to see when they land on your site or app.

- **MOBILE** – One of the major drivers of the need for digital transformation lies in increased use of mobile by shoppers at every part of the purchase journey – and so mobile is going to be a pivotal part of any strategy.

From a front-end perspective, mobile involves several things: an optimised mobile website; an app; an omni-channel mindset; and social media.

The first two are largely technology (back-end) issues, as we shall see, but the tenets of clarity and relevance apply even more strongly to mobile than to the desktop world, as it is a smaller screen, a very personal device and often used on the fly.

Mobile sites should always now be optimised for mobile – if nothing else Google insists and will rank you lower in search results if you aren't. From a digital experience point of view, retailers and brands need to think even more clearly about what is relevant on mobile, not only to the customer, but to the device (and increasingly its location and the time of day).

Apps have a different impact on the consumer again. These tend to be installed on the phone by choice and often are brands or retailers that that

consumer regularly uses or identifies with in some way. Here relevance is again key, but in a different way.

In apps you have the opportunity to deliver a much more personal experience to that user – and through the app you also get a much more detailed view of that user’s preferences and choices. The app should be looked at as the destination for a really rich digital experience, as well as the place to understand your ‘elite’ customers.

Any brand or retailer should also be looking to move mobile web users to getting and using the app to increase the amount of data that can be gleaned and the more rich an experience that can be delivered.

- **OMNI-CHANNEL** – The other aspects of mobile are more to do with omni-channel and its role therein. No shopper today is a mobile only, or web-only beast: they use all channels, all over the place and, as such, the shopping journey is no longer a linear process.

From a front-end point of view, this omni-channel model means one thing: consistency. To do this requires a shift in the back-end (as we shall come to), but from a front-end point of view requires marcomms to be able to offer that

“ Front-end digital transformation means not only getting the right message out to the right consumers, but also getting the right message and experience to the most relevant device “

consistent message across all channels, while the ecommerce team delivers a consistent experience across the channels.

Taking this into consideration alongside the need for clarity and relevance, means that front-end digital transformation means not only getting the right and most relevant message out

to the right consumers, but also getting the right message and experience out that is relevant to the device.

All this requires a single view of the customer – and that is something that is driven from the back-end.

WHAT THIS MEANS FOR THE BACK-END

To deliver these front-end changes, retailers and brands will need to realign their back-end processes. This may mean operational changes, as well as changes in culture. Increasing digitalisation will also lead to resources being switched from one area of business to another, with clear back-end technology impacts.

- **THE TECH STACK** – The one big message that anyone undergoing a digital transformation process needs to hear is that it is driven by technology. The front-end changes require a move to a single view of the customer across channels and so the way technology is used has to change.

Gone are the days of siloed approaches to the web, mobile, marcomms, CRM and business process tools: today these all have to be brought to bear on the data that is collected to create a view of all those attributes – and more – of each customer.

Now, for many retailers and brands that have many millions of customers this isn’t yet a practical approach on an individual basis, but understanding the groups of customers you have – indeed, grouping customers in your data base into types – requires a rewire of how your tech stack interacts.

This is the technology challenge *du jour* for retailers and brands and can be achieved in a number of ways as we shall come to in more detail later on. Essentially, there are two options: re-platform from scratch company-wide; or integrate what you have and add any new tech that will make that process work.

Re-platforming is always an option – but it is an expensive one, made all the more expensive in the digital era as it requires a cross-business approach. This isn’t so much about a new e-commerce platform, or a new marketing

communications system, or a new approach to CRM, it is about changing them all to create a digital experience platform.

Integration of what you already have is still costly, but is for many the more acceptable approach – and one where there is plenty of third party help available. Integrating systems to work together can be achieved with some add-on technologies and interfaces to make it work.

Either way, the aim is to create a digital experience platform that runs across the business, influencing everything that is done – and this is as much a cultural play as it is a technological one.

- **THE CULTURE** – The technology challenges to deliver digital transformation are mighty, but so too is the simultaneous shift that needs to take place culturally within the transforming business.

While it is a back-end technology play, the buy in from marketing, ecommerce, customer service, IT and the board are crucial. Where once there was the siloed world based around channels and data for those channels, digital transformation means shifting the mindset to putting the customer at the centre and building the data around them and the functions that feed into and off from that around the outside.

To do this, they have to work together and have to have the mutual goal of customer happiness and satisfaction front and centre. While sales are the ultimate measure of success of a retail business, this goal has to expand to score increased loyalty, dwell times and reduced complaints as well as bottom line money in the bank.

The digital consumer wants a relationship with you and you have to be a unified 'you' to give them that.

GLUING IT ALL TOGETHER

Digital transformation impacts both the front and back-ends of any retail business, but the skill comes in making digital transformation a reality that can generate business growth – and that means creating an environment where the back-end and the front-end work together to transform the business.

Naturally, changes to the front-end – the changes that the consumer sees and is, hopefully, delighted by – are underpinned by the back-end technology that runs it. But it is the strategic and tactical approaches taken to the back-end that is what will make the front-end work and digital transformation become a reality.

The overwhelming thrust of digital transformation lies in creating a single view of the customer across channels and understanding that customer as intimately as possible – and doing it at scale.

While this is easier said than done, the use of back-end technology to move from siloed points for each channel is the key to digital transformation being a success. As we have seen, a front-end digital transformation strategy needs to bring about coherence between channels, relevance to the consumer on all those channels and, where possible, timely interaction based around time and location.

To deliver this requires a back-end tech stack that moves from each channel being a single pot, to all data being grouped together to develop a picture of customer groups that can be targeted more individually.

Many modern commerce suites include all major pillars of digital commerce in one. If this approach isn't right for your business at the moment, there is the option in the interim to purchase commerce capabilities and work with third parties to integrate them.

This, as the data in our survey shows, is where many retailers and brands in the Top500 are heading: already a third are working with five or more third parties to help their digital transformation. ■

DIGITAL TRANSFORMATION TOMORROW

The digital world is fast and, while you have been reading this sentence, things have moved on – so it is worth looking at where the technology that the front and back-ends of retailer and brand businesses are heading as part of your strategy.

AT THE FRONT-END

At the front-end it is likely to be very much more of the same – more personal, more relevant and more engaging – but there are also going to be some shifts in the channels over which these mores will be taking place.

- **MOBILE** – The mobile channel is likely to go from strength to strength as a front-end technology, with more consumers using mobile more of the time as their main interaction channel.

This doesn't mean that desktop is dead, far from it, but it will mean that relevance and location, as well as design for device real-estate and network limitations, will become more crucial.

Already future mooted versions of Apple's desktop OS are going to shift to be more like its mobile iOS, while Microsoft, with Windows 10, has sought to do much the same. The underlying technology of mobile may well also spread to other devices.

This doesn't mean, however, just designing for a mobile-only world. What it means in practise is that look and feel – and things like touch, rather than click – will start to merge. The challenge will then shift towards location and relevance, rather than site-specific design. Knowing where and when a customer is viewing you becomes more important and serving them with things relevant to them in that place and time the main driver.

- **VISION** – Where mobile will see a technological shift will be in increased use of the visual attributes of the device. The camera will no longer just be about selfies – though they too will play a role – but about a visual connection to the world.

In the coming years the phone will shift to be reliant on visual search to deliver your customer to you, as well as being an augmented and virtual reality portal to hyper-enhanced marketing and experiences.

Firstly, visual search is already a reality and is poised in the next 12 months to become mainstream. Platform providers such as Poq are building it in to their standard retail offering and some retailers – notably ASOS and H&M – are already offering it.

Here the consumer will simply be able to 'photograph' things they like and the web will find them the same, or similar, to buy. This is a subtle shift for consumers, but is potentially a massive change for retail: suddenly retailers are competing to supply an often brand-agnostic shopper with goods that they want, rather than marketing goods to them. This change has to be factored into any digital transformation strategy as it will be crucial to get this right as a consumer interaction channel.

Augmented and virtual reality similarly present a new challenge to digitally transforming retailers and brands. AR is already in play and sees goods being overlaid onto the real world via the phone. This can be used for anything from seeing how furniture would look in a room to trying on clothes virtually and adds a similar change to how retailers and consumers interact, putting much of the choice and control in the consumers hands.

Virtual reality (VR) is a different matter again. Here, the phone or dedicated headset – though it can sort of work in 2D on a desktop – creates a whole virtual world that the user can immerse themselves in. Retail applications are currently limited, but with experts predicting that VR will be ubiquitous in things like gaming in the next 24 months, you can bet that it will start to make in-roads into retail somewhere.

In fact, Emirates Airlines is phasing out windows on its planes and replacing them with screens that show an ultra high definition view of outside instead – this is VR in practice and, literally as well as figuratively, taken to new heights.

- **VOICE** – The other big area that needs to be considered from a front-end perspective is voice. Amazon’s Alexa and Google Home are both becoming mainstream consumer devices. Sold as enhanced speakers with voice control, they are now becoming part of the mainstream retail mix, almost a new channel in their own right.

Both Amazon and Google allow for third-parties to create ‘skills’ or apps for these devices so that, for instance, if you have a Tesco grocery app you can tell Alexa to add milk to your shopping list.

The technology behind this is impressive and wide ranging – and run by Google and Amazon, so not directly a retailer’s problem – but it does have a potential impact on how retailers and brands let their consumers engage with them and how they, in turn, engage back.

While voice is an untested marketing channel, it will become one that is central to all businesses in time. Understanding how this fits into a digital business model that puts the customer at the centre is going to be crucial in the years ahead.

AT THE BACK-END

All the aforementioned front-end technologies will of course have an impact on the back-end technology stack in their own ways. How they are handled will, however, still be an issue of how to integrate them as channels and how to use the data that they produce. So, while they do have profound impacts on the front-end functions of a retail business, from the back-end perspective they are just more of the same.

With that in mind, though, it is worth mentioning that any digital transformation process currently underway takes these front-end technologies into account. They may not be mainstream just yet, but they will be.

The back-end, meanwhile, is going to be awash with its own technology developments as well. Typically, these are going to involve increased data, increased integration and, of course AI. So what impact are they going to have?

- **MORE DATA** – A few years back, big data was the buzzword of most tech industry verticals: today we have almost moved beyond big data into enormous data. While GDPR seeks to help control how that is used, all digital businesses are now awash with swathes of the stuff, all of it valuable.

As time goes on, this data is going to grow and form an ever-richer picture of the consumer. Storing this data so that it can be made sense of is going to be a key driver for the retail space in the coming years. The shift towards a ‘single view of the customer’ means that data has to be pulled together from disparate sources to be used.

“The shift towards a ‘single view of the customer’ means that data has to be pulled together from disparate sources to be used”

The digital transformation challenge here lies in making the vast amount of data from across all these channels – and that will also include visual search, AR and VR and voice data too, whatever formats that might come in – work together.

The back-end challenge here is in data processing and storage. Getting data in formats that can be used together to give a clear picture

of the consumer – all the while keeping it securely under GDPR conditions and even destroying it when asked to, another key facet of the new regulations – is going to be a huge technical challenge for all businesses.

- **AI** – The other big driver of back-end technological change in the coming years will be the increased deployment of artificial intelligence (AI). Already rife in marcomms and other aspects of the retailer and brand business environment, applied AI is going to play an ever-more crucial role in not only helping to manage and understand the data discussed above, but also in how it is used.

While humans are going to be needed to make the creative decisions, increasingly AI will be used to decide what marketing is done when and, crucially, to whom.

AI will also be the bedrock of segmenting the data into groups of like-minded consumers to be marketed to in increasingly personal ways. Eventually, it may even allow for true one-to-one personalisation of interaction between brands and consumers.

Although some way off, this use of AI needs to be planned into the digital transformation process now. Not only is it a tool to help with the integration of ever more disparate systems, but it is also key to managing and ever-growing wealth of data, channels and customer behaviours. ■

FORCE MULTIPLIERS: STAYING AHEAD OF THE GAME

Digital transformation is a philosophy as much as it is a process and it is one that, as we have seen, will evolve and change as the technology that drives both consumers and retailers changes.

As the technology evolves, consumers too will change their habits and their needs. But new technology and new consumer habits give rise to new challenger companies: the disruptor business is the hallmark of new technology – think Uber.

So how does a retailer or brand look to increase the effectiveness of its digital transformation strategy now and across the months ahead and how does one deal with increasing competition from existing players and new entrants?

In this section we shall take a look at how to maximise your digital transformation process, measure its success and, where possible, deal with new entrants to your market – some of whom may well have copied your innovation that have been brought about by digital transformation.

FORCE MULTIPLIERS

Digital transformation is an on-going process, so what does a retailer or brand need to have in mind when looking to manage this ongoing journey and to keep it ahead of its competition?

There are several areas that can help, which together form the bedrock of your digital transformation process, which can be broken down into some key themes.

- **ALIGNING BACK-END AND FRONT-END PROCESSES** – While this is clearly the thrust of this whole white paper, it is worth noting that it should really be the overarching imperative of the digital transformation process.

Moving to more digital interactions at the front-end – especially on mobile, but increasingly through voice assistants and even AR and visual search – will change how your whole business operates.

Overall it will see technological shift towards servicing mobile and these new mobile technologies, but more subtly it will also perhaps see a need to move resources away from some areas – for instance call centres – to instead look at how to service customers through these new channels.

From a marketing point of view too it will see a shift of emphasis when it comes to which channels are used for engagement and when.

And the back-end tech needs to be invested in and curated as appropriate.

How this happens will depend on individual businesses, but this alignment is the centrepiece of digital transformation.

- **ALIGNING CHANNELS** – Again we have majored on this already, but for completeness we shall touch on it again: digital transformation is about moving a retailer or brand business from taking a siloed channel approach to adopting a flat omni-channel model, where all touchpoints feedback centrally to the core of the business and the customer database.

While aligning the back and front-ends technologically is crucial, in doing so the business must also align digital channels to offer consistency of experience, remember the user and so on.

- **DATA DRIVES IMPROVEMENT** – The digital retail environment produces vast amounts of data for the business and, while this is essential for the

development of customer profiles and driving personalisation and engagement, data also has a role to play in constantly improving what you do.

Looking at the data from across platforms will give you an on-going vision of what is happening to your consumers and your business. This can keep you on top of perfecting how you engage with consumers, as well as how to run your business, what stock to sell and more.

But perhaps more importantly it can be your window on trends and habits that are forming that are going to have a bigger impact on your operations in the months to come. Leveraging this data will help you see what is coming down the pipe so that you can not only adjust your processes to increase effectiveness and efficiency as you go, but be ready for more seismic changes that may occur among the consumer populace. In short, it can help you spot where the market is going and head off any start-ups or disruptors looking to leverage changes in consumer habits.

- **TEST, EXPERIMENT AND MEASURE** – Identifying changes among small ‘early adopters’ that may show you how the market you operate in is changing is one way to stay ahead of the game, but retailers and brands need to also constantly be trying and experimenting with new ideas both around existing digital channels and new ideas.

Taking small groups, trying new approaches to engagement and measuring what happens should be an ongoing and central part of the wider digital transformation process. Remember, digital transformation doesn’t stand still, so you need to be constantly looking for ways to move on with your strategy – with both the channels you have and with new channels and technologies as they emerge.

- **ALIGN YOUR BOARD** – Digital transformation is a process that takes place across the whole business, both across all business functions and from top to bottom of the management and staff structure.

Because digital transformation involves sales, marketing, ecommerce, IT and customer services, all these functions at C-level need to have buy in and behind the process. This cultural shift is perhaps even harder to pull off than the technology aspects of digital transformation, as it requires often very experienced CMOs, CTOs, COOs, finance directors and IT directors – not to mention HR and more – all rethinking not only what their role is, but how they are no longer in charge of their own fiefdom, but part of a bigger board-level hive mind.

Some people struggle with this, others embrace it. Having the latter is crucial to making this a success. While you un-silo your data and integrate your technologies, any digitally transforming retailer or brand has to un-silo its top level thinking.

- **NEW ROLES** – While the board is crucial to driving and facilitating digital transformation, the very act of transforming a business will require new roles to be created under these C-level execs.

As data becomes more central to the business – and more varied and rich in its content – the skills to understand it and put it to use will become ever more important. While much of the grunt work of data analysis and pattern spotting in this ocean of information will be done by AI and machine learning, this itself will need ‘teaching’ – and that requires humans.

As well as data specialists, retailers and brands leveraging digital transformation are also going to have to recruit experts in personalisation, user experience and conversion rate optimisation experts to also help drive this process.

There are also going to have to be key IT skill hires too to help handle integration issues and oversee the changes wrought by both data and user experience functions in the company.

- **WORKING WITH THIRD PARTIES** – With much of the business of digital transformation, third parties hold the key to making it work. As we have shown, digital transformation relies on changes to the front and the back-end processes and technologies that a business uses and, more pressingly, how to bring those changes together.

Often that requires a great deal of re-wiring of existing systems and the integration not only of business functions, staff and cultures, but also of the technology itself.

While ripping out what exists and replacing it is one way to go, third-party tech companies can also help integrate what you have – and add new pieces to the puzzle – to make things run more smoothly.

They may not hold all the answers, but they can help bring about the staff, leadership and technology changes needed to make the digital transformation work.

However, tread carefully: some will want to use their own equipment and others will be tied to preferred suppliers. It is best to pick third parties to work with that can bring best of breed solutions – and integrate this together as well as into your own systems – to help get you where you are going.

Often times these third parties become part of your business and are then key to all future evolution. As such they are also the answer to adding all of the above force multipliers that will make your business work.

MEASURING SUCCESS

How do you know if your digital transformation process is working? In retail, it should be simple: more customers spending more time on their site and spending more money – and these work as KPIs for digital transformation too.

However, it can be more challenging than that. As we have seen, in the digital era, consumers want more from the brands they deal with and so KPIs for measuring the success of the process could also include elements that reflect the consumer needs: namely engagingness, ethics, value, content, relevance and so on.

So, what should the measures of a success for digital transformation actually be – and how do you measure them? The list is almost endless and also very specific to any given retailer, but in general the key things to measure are:

- **KEY FINANCIAL KPIS**

Sales – The most basic and perhaps all that matters is sales: are your sales going up as a result of the digital transformation process?

Average order value – A more nuanced way of looking at it is to see if each customer orders more each time they come and what they are ordering more of.

Margin – You may well be selling more, but is it costing more to make those sales? In an ideal world, your digital transformation process will lower cost of acquisition and pump up both average order value and overall sales, giving you a bigger margin.

Conversion rate – One that should maybe sit in both the engagement and financial KPIs camps, conversion rate measures how many people come to the site and then buy. The higher this is the better you are doing and a big pat on the back for marcomms.

- **KEY ENGAGEMENT KPIS**

Click through rate – From your marcomms to the site: how many people click on your engagement messaging and travel through to the site? The more that do, the better your outreach is, but this is by no means the only thing that should be measured to see how well you are doing on engagement.

Dwell time – Once they are on the site, how long do they stay? Taken together with click through rate this tells you how engaging you are being. Link these to conversion rate and all the other financial KPIs and you start to get the whole picture of the value of the digital transformation process and what needs to be tweaked.

6 QUESTIONS YOU NEED TO ASK ABOUT YOUR STRATEGY

The six things a retailer needs to ask itself to see how ready it is for integrating marketing and technology and whether this has to come from internal readjustment or from bringing in a third party

1. Do I really know who my customer is today?
2. Do we know what success looks like and have we mapped out our journey to measure if we are going in the right direction?
3. Do my technology partners/IT team consider my digital marketing needs in what they build before they build it?
4. Can I identify and plan the business change in small and measurable pieces?
5. Are we setup as a business to manage continual change from the front all the way to the back office?
6. Have I got the right skills to be able to answer or execute any of the above?

Cart abandonment rate – The biggest bugbear of all ecommerce vendors is getting people all the way through to check out only to see them leave. This isn't necessarily a measure of how engaging your strategy is, but it is a vital measure of how many people fall at the last hurdle. To fully understand its significance you must then assess where in that final process they fall: often it is payment problems or issues with keying in details. This is why making a smooth payment process part of the digital transformation plan is vital.

Return visits – How often do the same people come back un-prompted by marketing shots can be an excellent bell-weather of how well you are doing. The more people that find you then keep returning, the more engaged they are with you. This is one of the true signs of a good digital transformation process having been enacted.

DEALING WITH THE AMAZON ARMS RACE

Getting all these things right will make you an elite and well-regarded retailer. But everyone will then want to copy what you have done and steal your customers. So, how do you handle the fact that once deployed your competitors will copy you? And how do you go about assessing what you can

“One tack is to embrace marketplaces and make them part of your digital transformation strategy”

in turn learn and deploy from your competitors and how do you factor in the changes you are going to have to make going forward to keep up?

The answer is simple: stay ahead of the game. Constant

testing and measurement of what your site and customers are doing – and amending accordingly is one way. The other is to make sure you are one step ahead of the trends and tropes of your customers.

Constant analysis of what they are doing will give you much of that insight, but wider awareness of what is happening on both planet retail and planet digital are vital. When Apple launches a new iOS, look at what the analysts are saying about its functions: even the most minor could change consumer habits.

The biggest issue, however, that most retailers face is Amazon *et al.* In the digital world, marketplaces – Amazon in particular – have carved out an impressive niche and, with at least 40% of ecommerce sales now being made on a marketplace, they are certainly what consumers want.

Their ability to act like search engines for shopping is key, but their overall competitive pricing, excellent delivery and logistics policies, customer protection and their infinite stock make them compelling.

Part of any digital transformation strategy has to face up to Amazon. One approach is to differentiate by price, quality, or customer service: make your offering stand apart from Amazon. In fact, research by Greenlight finds that 39% of retailers feel that customer service is where they need to take on Amazon.

The other tack is to embrace marketplaces and make them part of your digital transformation strategy.

An increasing number of retailers are looking not to compete with Amazon *et al.*, but to use them. With eBay offering branded store fronts for everyone from SuperDry to BMW, and Amazon keenly bringing brands on board, retailers are starting to see that it is one major way to get where their customers are.

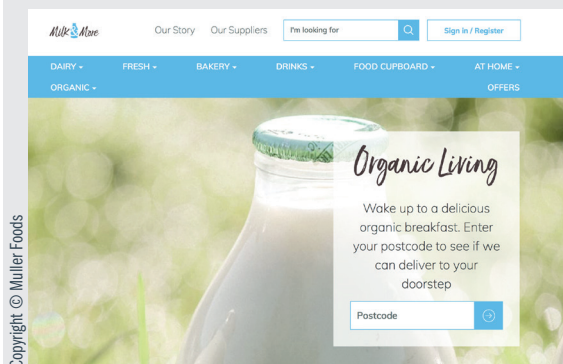
Is it so different from the department store concessions of old? Ted Baker sells in House of Fraser because that is where people are shopping. Same applies to Amazon: if the shoppers are there and you aren't then they certainly won't be buying your goods and won't, in the digital age, necessarily come looking for you.

Visual search, as noted earlier, may well yet change this, but so long as we have marketplaces they are going to be both friend and enemy. Working out how to maintain brand and sell on these sites should be a key tenet of any retail digital transformation strategy. ■

CASE STUDIES

We take a look at how some leading retailers – both B2C and B2B2C – around the world have managed all or some aspects of these digital transformation process changes to showcase how it can be put into practice.

MILK & MORE: MULLER BRINGS DAIRY TO LIFE WITH DIGITAL STRATEGY



Dairy company Muller has a long and passionate interest in milk – and more. Back in 2015 it purchased Dairy Crest and launched Milk & More to keep alive that very British institution, the milkman – turning to online and mobile to create a modern take on the doorstep delivery model.

With consumers becoming ever-more concerned about plastic waste, the company has seen a surge in customers using the online service to manage deliveries. As a result, it looked to revamp its website to make it more useful and more in tune with the ever-more digital consumer.

The move triggered a digital transformation at the business, which Milk & More's Andrew Kendall says was done to "make the front-end as customer-centric as possible – then to look at how to

change the back-end."

Kendall and his team were determined to create an enticing front-end user experience that made the process of ordering and using the site as simple as possible and as clear as possible for customers wanting to make changes to their order.

"We did a lot of research into how the site was used and even got groups of customers in a room to ask them how they use the site," he explains. "From this we got the same message again and again: keep it simple."

As a result, the front-end offers a nice clean design, clear sign posting and, above all, a minimal number of clicks to do anything. A customer can be done in three clicks to sign up, then everything is pretty much one click once you are a member, says Kendall.

"People want speed," he says. "They want to see it, grab it and go. That is why we designed the pages to be as simple as possible."

An interesting upshot of this is that a balance needs to be struck in the design between pushing new and exciting products and keeping it clear and simple for consumers to still find and order their favourites.

This means making sure that they can get what they know and like – their favourites – really easily and in the same prominent place all the time, while carefully using 'People who bought this also bought...' recommendations judiciously. These, says Kendall, are helpful, but can be over-done.

The biggest surprise on the front-end, he says, is that consumers want as many different ways to pay as possible: they want card, credit card and direct debit – but they also want PayPal and Apple Pay. And they want to choose how to pay each time.

"We had to get the front-end right and how we wanted it to prove the concept, then look at how to deliver that with the back-end," says Kendall.

At the back-end the company was using a 30 year old platform, so, once the front-end had proved itself, the company undertook a massive platform upgrade. "The key things here have been real-time inventory and data," he explains.

Milk & More needs to be able to manage how and what people order and they need to understand on a live basis what is happening with their 120,000 consumers on the new site. Linking the new platform into metrics and understanding what it spits out is crucial to the business going forward – not least for the actual deliveries.

"Losing time on the last mile is where all delivery businesses get hit hard," says Kendall. "Understanding and working around delays is going to be crucial."

To make all this happen, Milk & More worked with a third-parties to make the back-end deliver the redesigned front-end functionality.

"Unless you want to make it a dedicated resources, you often end up with a hybrid of suppliers – we wanted to work with a single agency, in this case Greenlight," says Kendall. "The back-end has to fit in and it has to work: if it goes down then you are in trouble. So you need to work with people you trust." ■

COOP MILAN'S TRANSFORMATION GIVES BIRTH TO 'THE STORE OF THE FUTURE'



One place where customer-centric digital transformation is imperative is in-store. The High Street shop has suffered in recent months from declining footfall as shoppers have turned instead to the convenience and experience of shopping online.

Transforming the store into a place that people want to use requires the addition of the digital experience found online – the richness of information and graphics and limitless stock – with the touchy-feely real world.

This is a challenge that European supermarket chain COOP is pioneering, and it has taken one of its main stores in downtown Milan, Italy, to try out how this digital transformation may look in a real world store.

COOP has worked extensively with Accenture to talk through what it wants to offer in its store of the future and, using a store in a new shopping area, next door to Italy's first Virgin Active gym, the idea is to build a store geared to young, fit, hipsters who want healthy food and more over want to know all about that food.

To this end the store features screens above all the fresh produce, which, when you point at, pick up (or indeed squeeze) items therein, flashes up all sorts of information about that item on the screen.

The store also features kiosks that look like giant iPads, on which all the details of the scanned items can be revealed.

Oddly, the checkouts are still very much the same as any supermarket, but moves to make the shopping part of being in the store more web-like marks a big shift for the retailer.

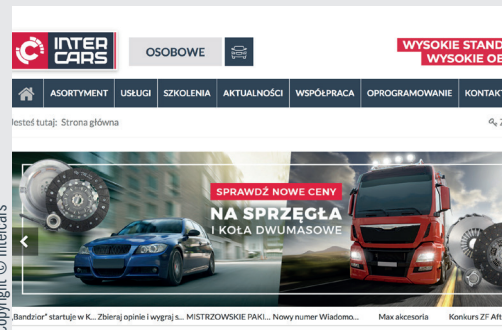
"There are 10 million people in the Lombardy region, 2.5 million of them here in Milano and we have 14 hypermarkets and several smaller neighbourhood stores around the city," explains Andrea Colombo, operative managing director, COOP Lombardy. "We chose this store to transform into the 'store of the future' because it is near a cinema and a gym and so attracts younger shoppers. We wanted to give shoppers more information about the health benefits of the food so we have put in

the screens that tell shoppers about the goods."

The store uses technology that monitors where the user is pointing and what they pick up, so gently squeezing, say, a lemon, fires up all the details about that lemon on the screen above the fresh fruit. It tells you price and provenance, as well as calorific value and more.

For other non-fresh items, there are kiosks where goods can be scanned to reveal the same. ■

INTER CARS STRENGTHENS ITS PRESENCE IN EUROPE WITH B2B DIGITAL TRANSFORMATION



Digital transformation isn't just a B2C play – it is already starting to make its presence felt in the B2B e-commerce market. And nowhere embodies this that at Poland's Inter Cars SA, the second largest distributor of automotive parts in Europe.

In a few short years, Inter Cars has evolved from a Poland-based family company into a major player in the international automotive market. At present it is the second largest distributor of automotive parts – for cars and lorries – in Europe, selling 40% of all its products in international markets.

To aid further European expansion, Inter Cars has launched a unified B2B e-commerce system. The platform has been made available to staff at more than 100,000 workshops in 16 countries and

was installed in late 2017.

The new e-commerce platform makes use of cloud-based platform technology as its basis, because of its flexibility, scalability and stability. In the course of the project the platform has been fully adjusted to Inter Cars' business needs – tapping into internationalisation, methods of work at a repair shop and so on – through to the company's technology

environment – integration with Inter Cars’ internal and external systems – and to the communication channels it uses in the sales process, such as a call centre.

The project took 17 months altogether, the work being divided into 12 four-week sprints, preceded by the creation of a prototype solution and a foundation phase to ensure the complete understanding of Inter Cars’ goals and needs. The project involved a 40-persons team from a third party consultancy, consisting of developers, Customer Experience (CX) and Business Process Optimisation specialists.

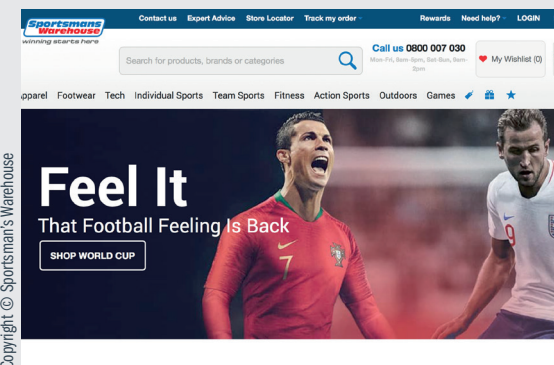
Inter Cars set itself the goal of creating the most intuitive and user-friendly product catalogue in the market. This was a huge challenge given the number of products in its offer (1.7 million!), the data model in the automotive market and the need to personalise its prices.

Because of the goal to be achieved, CX experts formed an integral part of the team throughout the project, supplying concepts and mock-ups with a view to simplifying the interface as much as possible and to make the system operation easy for workshop staff - on any device and using any channel of communication. A separate challenge was posed by the integration with the Inter Cars’ ERP systems, its SSO mechanism and databases.

“The launch of the new e-commerce platform closes an important stage on the road to the digital transformation of our business,” says Maciej Oleksowicz, CEO at Inter Cars SA. “This tool really streamlines the work of repair shop workers and sales staff at Inter Cars’ branches, enabling them to look up the appropriate part quickly and to find out when it will be available. In this way we strengthen our partnerships with workshops and are able to optimise the ordering process. This provides us with a major competitive advantage that should translate into strengthening our position in the European market.”

According to the Inter Cars’ CEO, the new unified e-commerce platform will also make it possible to optimise the company’s sales costs and shorten the time needed to introduce innovations, such as new sales models (B2C and B2B2C), to further markets. ■

SPORTSMAN’S WAREHOUSE AND JCPENNEY CUT CART ABANDONMENT AND LURE SHOPPERS BACK IN-STORE WITH PERSONALISED PRODUCT ALERTS



Copyright © Sportsman's Warehouse

Mobile plays a key role in in-store digital transformation and, as more High Street stores suffer at the hands of online retailing, using the technology to digitally transform the in-store model is becoming crucial.

Two examples of this rests with leading US retailers Sportsman’s Warehouse and JCPenney, both of which are using live personalised product alerts to allow shoppers to personalise their marketing and re-engage non-buying online customers.

Via a single email input – which is, naturally, GDPR compliant – Sportsman’s Warehouse and JCPenney customers can choose to track out-of-stock items and/or specific products, brands or categories and receive automatic email alerts with direct links when items come back into stock or new products are added, thanks to the MyAlerts platform.

Using the MyAlerts platform, the two retailers can now increase their ROI and convert potential lost sales by re-engaging non-buying customers – which commonly comprise 90% of overall website visitors – when their products are back in stock or new products from their favourite brand or product category are added.

The technology is said to generate 80% email open rates and an up-sell of £5.41 per each alert on average.

MyAlerts already has 10 million users, with some retail behemoths experiencing a flood of more than 25,000 customers signing up to receive personalised product alerts. Across the platform, more than £1.72 billion worth of products are being tracked by retail customers.

This gives the retailers an opportunity to transform their business models with the adoption of new technology to deliver a seamless shopping experience customers yearn for—something the high-street is lacking at the moment.

The move by JCPenney and Sportsman’s Warehouse comes as the high street worldwide suffers declining footfall and dropping sales. Recently, House of Fraser announced the closure of 31 stores as part of its transformation plan as it struggles to maintain High Street spending. The High Street is lacking the level of customer service found online and, while technological quantum leaps such as MyAlerts target old and potential consumers with personalised shopping experiences, high street physical stores are simply unequipped to deliver the same degree of attention.

MyAlerts is an excellent example of a digital transformation project that targets a specific channel and delivers a massive up-sell for retailers. Making the tracking of stock easy, not only helps bring consumers into the store, but it keeps them connected to the business. It may not embody a total company wide transformation, but it achieves some of its important goals. ■

CONCLUSION AND KEY LEARNINGS

Customer-centric digital transformation is a given for any retailer or brand that wants to succeed in the modern retail environment. Here's why...

CONSUMERS ARE CHANGING

Driven by the digital technology in their pockets and in their homes, consumers now want a different interaction with retailers than they have done in the past. Now they want personalisation, they want engagement and they want to be entertained. They want all these things precisely when they want them and relevant to their lives. Mobile has made this more imperative than ever, as has a fiercely competitive retail environment. To meet these demands, retailers have to digitally transform their businesses and that runs from the customer facing front-end through the engine room at the back that drives the business.

RETAILERS GET IT

Retailers get that consumers are changing and that there is now an imperative for digital transformation. According to our research, 66% of Top500 retailers rate digital transform as crucial and 45% are 'well on their way' on the road to digital transformation.

CHANGING IN STEP WITH THEM IS HARD

Despite understanding that consumer-centricity means that to survive retailers and brands must undergo digital transformation, the pace of change of consumer habits and the rapid and continuous evolution of digital consumer technology means keeping pace with this change is hard. Almost half (49%) of our survey respondents cite rapid pace of change as one of the key hurdles to making digital transformation easy – and those hurdles are challenging at both the back and front-ends of the business.

FRONT-END CHALLENGES

At the front-end – the customer facing part of the business – the challenges lie in delivering the right content and experience on the right channel to the right person at the right moment. With consumers demanding an ever-more personalised and contextual relationship with their favourite retailers and brands, this combined challenge is the biggest headache for digital transformation. The addition of new technology channels, such as visual search, voice assistants and even AR and VR make this front-end challenge even harder.

BACK-END CHALLENGES

Making these front-end transformations possible is an ongoing

challenge for the back-end engine room of the business. To move to an omni-channel model and deliver the coherent and relevant experience across all channels means rethinking the very way in which all back-end systems work. Digital transformation means putting the consumer front and centre and data systems, CRMs, EMPs, marcomm tech and IT all have to work together – rather than in silos for each channel – to deliver what they 'know' about the customer. This single view of the customer is at the heart of digital transformation and is the crux of the challenge of making it happen.

CULTURAL CHALLENGES

As well as being a technical heavy-lift, digital transformation also requires a cultural shift within the business. Customer-centricity requires the customer to be the centre of the business and so all business functions that work to make the business run now have to work to make the business run for the customer. This means that CMOs, CTOs, COOs and other board level execs need to stop thinking in terms of their own fiefdoms but to look at how they interoperate both technically and managerially. It also has to apply vertically across the company too – from the lowest warehouse colleague to the MD. While this sounds simple in principle, cultural shifts of this nature are also hard to pull off.

IT'S AN ONGOING PROCESS

Customer-centric digital transformation is a business imperative – and will remain one. While it is important to understand why and how to transform, this is only the start of the process. Consumer habits are changing rapidly as is the technologies they use that drive those habits, and so your digital transformation process needs to keep pace with this change. Once you have the technology and culture in place to make your business and systems truly customer-centric then the process is easier, but it is one that requires constant attention. Your data should shape not only how you interact with consumers today, but also give you an indication of how their habits are changing – and you need to change with them.

DON'T GO IT ALONE

While all this needs to be led from the top, no retailer or brand should transform without help. Third parties that can advise and deliver best of breed technologies are vital. So too is their ability to understand how to re-integrate the systems already in place to deliver the holistic view of the customer that customer-centric digital transformation requires. According to our survey, many retailers and brands already recognise this, with 32% working with five or more third parties both in the front and back-end of their marketing communications – but for retailers to succeed all of them need to be following such a strategy. ■



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