

DIGITAL TRANSFORMATION

in Retail – A 30 Day Action Plan



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Abstract

Radical changes in the business landscape demand that enterprises relook their business models, add innovative capabilities and strategize keeping new imperatives in mind. Surviving in a highly competitive marketplace needs more than just the ability to sell; it calls for evaluation of existing business processes for identifying bottlenecks/loopholes, creation of more robust frameworks for improving operational efficiency, and more importantly convergence of evolved technologies, processes and enterprise solutions in the system for delivering transformational customer experience.

With personalization becoming the key to enhancing customer experience, it's time for retailers to make the shift from 'customer interaction' to 'customer engagement'. Apps and kiosks are replacing elements of traditional shopping experience, calling for store environments to evolve. Moreover, with an increasing number of customers moving to online platforms, retailers are trying to cater to their needs by redefining delivery models and enriching shopping experiences across all touch-points and channels.

What can retailers do today to embrace Digital? A 30 Day Action Plan that sets the focus, is actionable and can bring multiple functions and units towards focused initiatives that are transformational is the need of the hour!

Digital Transformation – A Brief Introduction

Digital Transformation is a conscious movement from point solutions that deliver incremental value to integrated process and technology solutions that provide transformational outcomes in terms of Customer Experience, Business Efficiency and/or Business Innovation. Disruptive technologies, such as SMAC, help enterprises get a pragmatic view of the marketplace and gain a new business perspective. They help businesses gather, process and analyze data to glean insights that can help them understand trends and customer sentiments better and devise more effective experiences and processes.

Today, there's more to purchase transactions than just the act of selling and paying for products bought. Customers demand a more convenient shopping experience with more choices, easier access, simpler interfaces, and a wider selection of relevant offerings. Thus, those with the means to tap data streams for actionable insights have a competitive advantage over others. And this is precisely what digital transformation does - help businesses meet changing customer demands and cope with changing market conditions.

Digital Transformation in Retail

Digital transformation for retailers is about looking beyond marginal enhancements and rethink processes, creating a connected engagement enabled by meaningful application of technology. It is not only about customer centricity, agility, innovation, data intelligence and new value propositions, but also about streamlining processes, reduce costs and improve efficiencies across the transactional cycle by transforming. With the rules of the game changing, retailers need to rethink every aspect of their business – from sourcing and pricing strategies to inventory planning, employee training and customer experience management:

WHAT IS CHANGING IN THE RETAIL CONSUMER JOURNEY?

1990 to Early 2000 ▶ Mid 2000 to 2015 ▶ 2015 and beyond ▶

Retail Consumer Journeys	 Digitally Challenged	 Digitally Enabled	 Digitally Transformed
 Engagement	<p>One way communication, no engagement or dialogue</p> <p>Mass media – TVs, banner ADs and occasional events being the mediums of engagement</p> <p>Customers driven by loyalty and brand recognition</p>	<p>Web2.0 enabled 2-way communication between brands and consumers</p> <p>Consumer generated content through reviews, blogs, social channels</p> <p>Brands going beyond mass engagement to engage with long-tail</p> <p>Loyalty becomes transient</p>	<p>Mobile devices at the center of customer experience and engagement</p> <p>Mass customization to hyper personalized engagements enabled through insights</p> <p>One-to-one relevant engagement and value in return for customer consent to share personal information</p> <p>Loyalty would be an outcome of new ways to create value and on real relationships with the brand – not just a discount, a coupon or points</p>
 Product Discovery	<p>Clear set of recognized needs</p> <p>Low mediums to conduct research</p> <p>Word of mouth (face to face) played critical role</p>	<p>Clear set of recognized needs much in advance</p> <p>Digital channels providing multiple modes of research</p> <p>Internet word of mouth, social media enabled viral marketing</p>	<p>Need is created on the go, at the point of discovery – not just restricted to physical or virtual retail channels (bus stops, train stations become points of sale)</p> <p>Interconnected digital mediums and interactive displays provide relevant context-aware messages leveraging IoT and deep analytics</p> <p>Brands, influencers, early adopters, force a collapse in time for adoption of new products</p>
 Purchase	<p>Only brick and mortar was available purchase and pick up was done at store level</p> <p>Limited payment options - cash and credit cards</p>	<p>Multi-channel transactions become mainstream with few pioneers attempting seamless Omnichannel fulfillments and experiences</p> <p>Self checkout options in-store</p> <p>Digital cash equivalents such as PayPal, Billmelater, Skype accounts, and Starbucks cards enable smoother transactions</p>	<p>True Omnichannel becomes mainstream</p> <p>Digital wallets become a reality</p> <p>NFC and contactless payments</p> <p>Unlikely players pioneering to solve fulfillment problems – e.g. Uber Grocery delivery service</p>
 Post-Purchase	<p>Servicing was tiresome for the customer with multiple touch-points</p> <p>Very low influence on other customers</p>	<p>Point of sale -> point of service mind-shift and expectations</p> <p>Online reviews and surveys creating huge influence</p> <p>Social channels extending to be support and help forums and means to interact with retailers and share experiences</p> <p>Self-service and diy know-how available widely</p>	<p>Point of service transforms with proactive insights to delight customers</p> <p>Customer 360 driven engagement and post purchase experiences - transactions, interactions, engagements, recommendations and actions coming together to resolve customer issues</p> <p>Self-service becomes easier with rich handholding that is automated and in some cases assisted</p>

• Transforming In-Store Experience

Stores are more than just sales channels today. They are experience centers - extended arms of an enterprise's digital touch-points. Organizations, thus, endeavor to integrate innovative digital experiences to ensure a connected and engaging in-store experience. Digital transformation in-store happens when retailers deliver tailored experiences to customer through a convergence of multiple technologies – for example, analyzing customer preferences through behavioral analytics, detecting customer location in-store and delivering context-aware, personalized promotions on mobile devices.

Another example is using kiosks and interactive digital displays to help customers browse through the entire catalogue and choose the items they need, especially apparels, ensuring superior experience for customers.

In addition, enabling store associates through assisted selling and advisory tools where store associates are armed with customer information and insights, is the need of the day, be it to save a sale from showrooming or to enable customer retention and loyalty.

• Marketing

Retail organizations are now taking advantage of investments they had made earlier to understand specific market segments and geographies better. Some are even exploring social media to get a better understanding of customer behavior. Companies are getting better at automating their marketing activities, campaigns and promoting their products through digital media.

Transforming the Retail marketing function is essentially about understanding the customer in greater detail through [analytics](#) and devising targeted and personalized engagement strategies across multiple traditional and digital marketing channels. The challenge, however, lies in attributing the marketing spend and outcome across digital and traditional channels.

• Customer Service

The most prominent characteristic and critical aspect of the digital age is not the shift in technology but the shift in customer behavior. Different customers prefer using multiple touch-points for resolving issues, expecting an integrated and seamless experience. New-age commerce demands that traditional and digital channels complement each other and be used simultaneously to enrich customer experience.

Thus, retailers are moving from being reactive to being proactive, adopting an Omni-channel approach to enable all touch-points to work in tandem and in multiple ways to support customers – social, online and mobile, in addition to traditional IVR. Also, owing to the ever-increase capabilities of monitoring devices, organizations are looking to improve customer service through connected devices, new reliability models and predictive maintenance. CRM systems of the past are transforming to new age CRM solutions that provide not only information but also insights and 360-degree view of customer transactions, interactions and social engagements.

• Supply Chain

Every organization needs a flexible and transparent supply chain. But most companies lack visibility at critical points in the supply chain, leading to considerable over or underselling during peak seasons. Technology enables accurate and timely view of stock across all nodes, increasing efficiency, reducing costs and mitigating risks.

Digital transformation, through complete visibility across the supply chain, changes the value delivery process by creating unique opportunities. A digital supply chain ensures superior collaboration and extensive information availability, resulting in improved agility, reliability and effectiveness. RFID, BLE and other emerging IoT sensors have been instrumental in enabling such digital supply chains.

- **Buying**

Accuracy is an imperative both while procuring/replenishing and fulfilling orders, making monitoring such processes critical. Technologies like RFID, IoT, etc. help retailers keep a tab on them through real-time updates of on-hand, on-order, in-transit and open-to-buy products. Such technologies also help retailers extract insights on customer demands across channels, including customer product ratings and social sentiments, ensuring that channel and micro-specific forecasts yield better results.

Since the goal is to get as close to personalized assortments as possible, to address specific demands, many retailers now try to involve customers in the buying process. They enable buyers and category managers with tools that can help them do their job on-the-go and collaborate more with end-users, so they can bring in first-hand insights on tastes and trends.

Challenges

Digital transformation can drive customer satisfaction and retention by providing customers with products and services they require, whenever and wherever they need them. Mobile apps, location-based services, [big data and analytics](#) have brought about a significant change in the way retailers do business. These transformational forces have not only helped retailers reach a larger audience, but have also helped them create a differentiated value proposition.

The road to digital transformation, however, is rife with challenges.

- **Commitment**

In most cases, although initiatives are under-way, they are not transformational enough - they just end up being a new website or a mobile app at the most, which marginally improves customer experience. Also, the commitment to truly bring digital transformation in an enterprise goes beyond just ideation. It requires leadership level focus, an assurance of budget and resources, and an ability to pursue the initiative with conviction.

- **Change Management**

Most departments act on their own accord, defining and managing their touch-points differently and adhering to different metrics and standards. Transformation threatens the conventional way of doing things, provoking a self-defense mechanism that resists change. Also, changes in roles causes challenges in taking ownership and proving ROI. Thus, there is always is certain reluctance and skepticism associated with adopting new ways of working.

- **Technology**

For a complete transformation to be successful, the foundation has to be strong – be it single view of customer, orders, inventory, products, etc. or a scalable architecture to support dynamic changes in business. In addition, there is also the challenge of choosing the right technologies that can really add value, rather than jumping on the bandwagon. At the same time, it is necessary to take measured risks to understand what new technologies and infrastructure would work best for an organization.

- **Complexity**

Digital transformation is too critical and complex for retailers to handle all by themselves. But while outsourcing can ease the burden considerably, retailers must choose their partners carefully - it takes partnership of a different kind to co-create meaningful digital journeys for all stakeholders – customers and enterprise entities. The need is to unearth those digital moments in a customer's experience or a retailer's operational journey to create transformational impact.

• Training

Educating teams on the value of and empowering them through digital transformation is difficult, since all employees are not on the same digital page. Despite the abundance of data, companies lack both infrastructure and skilled resources to extract actionable insights from the information flowing in.

A 30-day Action Plan

Despite such challenges, retailers must embark on their journey soon, lest they lose the race. Going digital is the only way to succeed in the digital age. Technology can give a head start and help drive business value. A self-assessment can also help identify areas retailers must focus on today to become digital masters of tomorrow.

Digital transformation must be a strategic initiative that cuts across functions and enables them to communicate, evangelize and ideate together. Since transformation brings about considerable changes, retailers must have a change management strategy in place. They must build partnerships, so they can leverage the strength of their partners to expedite transformation and establish thought leadership.

A 30-day Action Plan Framework



Re-think silos

For a clear strategic focus, **Chief Digital Officer** becomes a critical stakeholder to get on-board. Or Setup a **focused Digital Transformation (DT) team** with representation from all functions.

Identify overall **DT champion** and **DT evangelists** in every function

Identify **partners** who are nimble and are not afraid of change themselves



Re-imagine processes and experiences

Start with no constraints and crowd-storm/ brainstorm

Re-imagine existing customer journeys and unearth the hidden digital moments – mobile, in-store, on the web

Rethink existing business processes to discover and unlock inefficiencies that can be eliminated through automation or digital enablement



Re-design around and beyond existing constraints

Add the **constraints** – Technology, Infrastructure, Data/Information, Investments, Security, Privacy, 3rd Party, Legal etc.

Gather insights on what you need and what you have?

Go beyond the constraints and identify **2-3 plausible DT stories** to execute a Proof of Concept/ closed loop experiment



Re-in force the outcomes

Build the **business case** for just those 1 or 2 truly transformational initiatives



Rollout!

What are you waiting for? **Execute, Measure, Improve and Roll-out!**

Have a question? Write to us



Author



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About Happiest Minds

Happiest Minds has a sharp focus on enabling [Digital Transformation](#) for customers by delivering a Smart, Secure and Connected experience through [disruptive technologies](#): [mobility](#), [big data analytics](#), [security](#), [cloud computing](#), social computing, [M2M/IoT](#), [Unified Communications](#), etc. Enterprises are embracing these technologies to implement Omnichannel strategies, manage structured & unstructured data and make real time decisions based on actionable insights, while ensuring security for data and infrastructure. Happiest Minds also offers high degree of skills, IPs and domain expertise across a set of focused areas that include IT Services, Product Engineering Services, Infrastructure Management, Security, Testing and Consulting.

Headquartered in Bangalore, India, Happiest Minds has operations in the US, UK, Singapore and Australia. It secured a \$52.5 million Series-A funding led by Canaan Partners, Intel Capital and Ashok Soota.

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