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OMNICHANNEL, HYPERMOBILITY AND DIGITAL

THE IT CHALLENGES OF RETAIL

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With the proliferation of channels and retail methods, consumers are becoming ever more demanding.

Converting web traffic into sales remains a challenge for retailers who must meet the expectations of connected consumers: products and services must be available where they are wanted, when they are wanted, at the best price, and as soon as possible.

Meanwhile, the expectations of employees and ways of working have continued to evolve: easy collaboration, the possibility of working at home or working on the move, with the same facilities as at the office, tools from the private sphere which are starting to compete with professional ones in terms of intuitiveness, the optimization of working conditions, and more efficient communication allowing better control of travel costs.

Published in the magazine *Point de vente* in september 2015

KEY DEVELOPMENTS AND ISSUES

In response to these challenges, retail actors have focused on **three practical areas of development** in line with the transformations taking place in the sector: **the use of omnichannel, digital and mobile solutions.**

For retailers, these consumer expectations and their associated developments are the sources of major challenges: **ensuring consistency, visibility, and communication between different systems and company departments**, but also **how to capture, enhance and effectively exploit valuable information** (knowledge of customers, reliability of stocks, employee satisfaction, etc.).

RETAILERS SQUARE UP TO OMNI-CHANNEL

At the heart of the retailers' thought processes, the effectiveness of omnichannel retail lies in taking into account a number of key factors.

First, a real-time view of stock at every stage of the supply chain is critical: in stores, at warehouses, during transportation, etc. To reach optimal process efficiency, the capacity for communication and compatibility between systems is of paramount importance, particularly between the e-commerce site and the Point of Sale (the point where payment is received or back office), following the example of click-and-collect.

The need for reliable inventory at the Point of Sale in order to ensure the availability of products at the various collection points has undoubtedly accelerated the adoption of RFID. **An indirect benefit of RFID has been better treatment of situations where a store has suffered a stock-out.**

In order to improve communication and avoid management problems, actors must not forget to ensure that they are building

on firm foundations: product databases which often show discrepancies between the e-commerce site and the store network must be properly aligned. In the same vein, retailers are still working on a raft of issues associated with the problems of harmonizing pricing, promotional activity, and the use of coupons. However, these are solutions that are seeking to simultaneously offer customers a more accurate understanding of the product range and brand, and better meet their expectations. Conversely, if the decisions and organization remain in silos, this generates numerous management issues, to give a concrete example, a promotion run only on the e-commerce site. If this were to generate an increase in click-and-collect orders, it would certainly disrupt the stores' collection points, as they would not have been able to predict the increase in footfall and workload linked to order preparation.

Finally, the rise of omnichannel is also accompanied by the opening up of marketplaces. From now on, systems must be able to handle larger volumes with a fairly complex structure: a range of sellers, an expanded range of products, price reductions and terms of delivery for the same item, the dispersal of orders by carrier, product type, delivery type, etc.



DIGITAL AND MOBILITY: ISSUES, CHALLENGES, AND OPPORTUNITIES

The development and the democratization of usage that comes from mobile devices and from digital have, unsurprisingly, had an undeniable impact on retail and its methods.

For employees, the scope of the digital sphere has extended from the store (sales support, customization of customer service, inventory management, mobile payments, etc.), **to the head office** (support for remote working, access to emails, shared folders, dashboards, note-taking, etc.) **through to management (the development of e-learning, internal social networks, etc.).**

Among the advances delivered to customers, the following stand out: loyalty programs, click-and-collect services, mobile e-commerce services and additional services (product information, product selection help, advice, and personal recommendations). **All of these services must be designed and integrated in order to offer the customer an innovative and personalized experience.** Specifically, this is about building the customer's journey in order to meet their main expectations: being greeted as soon as they enter the store, that customers know and understand the products they are looking at, that they will get personal recommendations and social interaction from the sales assistants, in line with their purchasing history and behavior, and that they will find in stores digital marketing that is as rich as it is online.

However, each transformation has its' repercussions. **In order to keep pace with the rapid evolution of practices, retailers must rise to a number of challenges:** adjusting the compatibility of their systems, adapting their communication processes, choosing their operating devices (tablets, smartphone,

iOS/Android, etc.) and managing the assets (devices are often fragile, and technology is evolving very rapidly) and creating user ids for a larger number of employees. The development of social networks or e-learning, for example, means providing each employee with their own unique user id which is far from the norm now and requires specific management processes to be in place (such as terminating access when employees leave), a demand which is exacerbated by the high rate of turnover among these staff.

In order to succeed, any change in usage (external as well as internal), must be accompanied by a carefully considered and devised change management process.

Retail is not excluded from this, the policies surrounding the change must adapt and **strengthen teaching about the uses, rather than the tools.** These should be simple, user-friendly and well-integrated in order to encourage intuitive use. The take-up and use of these tools are driven primarily by belief in their usefulness.

PREPARING FOR THE WAVE OF BIG DATA

A common feature among the developments presented is the increase in the type

and volume of data available for retailers to make use of. When used and organized well, it can offer real benefits: better understanding of the customer, the competition, the effectiveness of promotions, and even the expectations and satisfaction levels among employees.

The scope of data to analyze seems to have an unlimited capacity to expand in line with the proliferation of information sources about the customer, stock, and competitors, but also the development of new purchase methods and of customer interactions (Beacon, connected devices, etc.). All of this requires the aggregate capacity for data exploitation that Big Data can bring.

Behind this concept, **what retailers are looking for is a greater capacity for predictive rather than reactive analytics** using intelligent algorithms that are comprehensive and less experimental, allowing them to mix external and internal data. They are drawing on increasingly complex databases, both in terms of structure and exploitation, **the main challenges being not to drown the user with the sheer volume of data and to be able to retrieve the pertinent information.**

It is worth highlighting that new products are appearing: dashboards are key (the retailer

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passes the raw data to a partner who returns dashboards that are ready to use). These products have been able to develop because we are now seeing a lower resistance on the part of retailers to share their data externally thanks to well-secured contracts. **The question remains whether this trend toward outsourcing represents a new way of working or a temporary phase of the learning opportunities presented by Big Data before those skillsets are taken back in-house.**





THE TECHNICAL OPTIONS

From a more technical standpoint, retail still hasn't found a single-solution answer to the dilemma between centralized and decentralized architectures or as to the means of contracting with software publishers (SaaS -Software as a Service- or license purchase).

Progress in network reliability (internet, 3G, 4G, Wi-Fi) does open the door to centralized solutions, but it is still often not sufficient: the infrastructure is often below the required level or is too disparate, and the investment necessary, reported at store level, can still seem too significant.

Also, retail networks are often very varied: a mixture of integrated and franchise structures, a range of store sizes and volumes handled, and equipment that can vary in how up-to-date it is.

Finally, the last obstacle to certain centralized offerings remains the fact that they do not always have a degraded mode to ensure minimum operations in case of a breakdown between head office and local operations.

As for the development of SaaS offers, **this has required a change in business models that has not always been straightforward to implement.** From the retailer's point of view, this model has the advantage of avoiding owning or managing systems, allowing payment for services consumed, and, thus, the rebalancing of OPEX and CAPEX spending while benefiting from better scalability and capacity to upgrade. On the other hand, for the software developers, customers tend to think that solutions are «plug and play,» do not require setting up, and expect them to be implemented in a «big bang» rather than in phases.

In conclusion, in order to remain part of a future that is increasingly connected and digitalized, **retailers will have to face their demons and revisit some of their earlier choices:** to have a truly holistic view of the customer and their journey, to ensure consistency and communication between the various channels, and to ensure that they can manage data reliably between a wide range of sources.

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