



**Getting here!**

## **The Changing Retail Landscape**

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April 2018

# Agenda

Retail  
Is  
Changing

Industry Trends

Technology  
The  
Differentiator

Redefining  
Business Models

What are the  
winners  
doing?

Achieving  
Omni-Channel  
Excellence

Digitally  
Transforming  
Experiences

Retail  
Digital  
Transformation

# Everything is Changing in Retail



Store

64%

Showroom/  
experience center

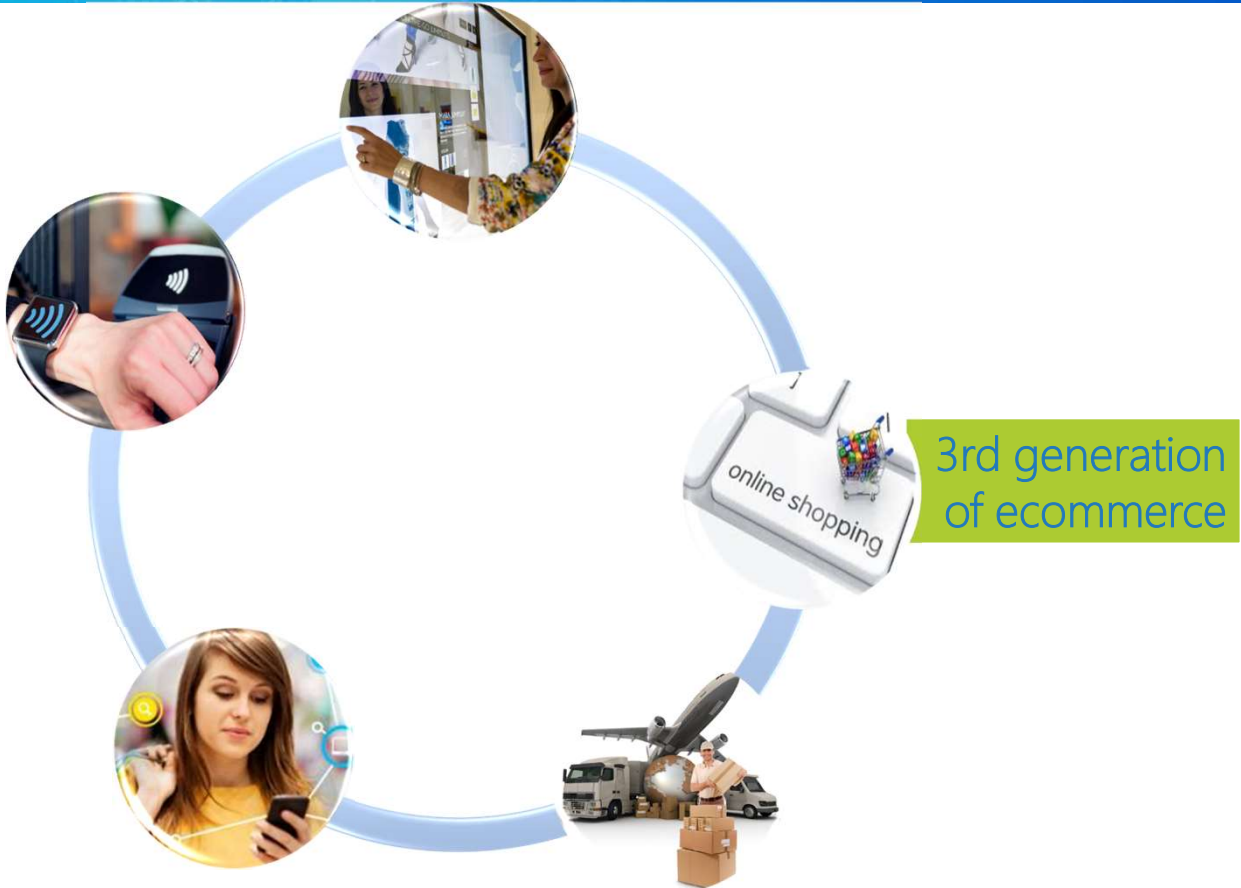
53%

Value-added  
fulfillment services

27%

Fulfillment center for  
online orders

# Everything is Changing in Retail



## eCommerce

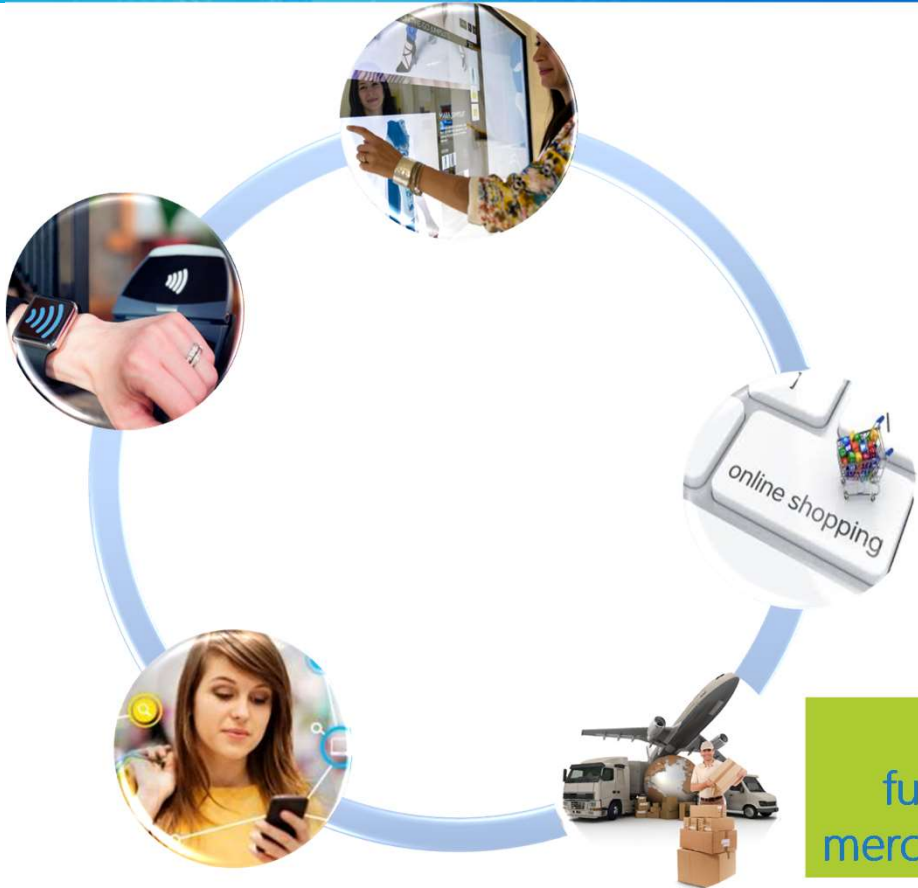


>\$2.3 trillion  
Global ecommerce  
revenue by 2018



38%  
AP retailers investing in  
ecommerce platforms in  
2017

# Everything is Changing in Retail



Omni-channel fulfillment and new merchandise planning

## AP Retailers



>50%

investing in logistics and fulfillment management in 2017




Micro-merchandising  
5% in revenue  
+20% in stock turns




# Everything is Changing in Retail



Consumers are increasingly demanding

*AP Consumers*

  
51%  
want next-day delivery  
for online orders

    
39%  
search online and buy  
in-store

# Everything is Changing in Retail

Digital Transformation (DX)



## DX Initiatives



34%

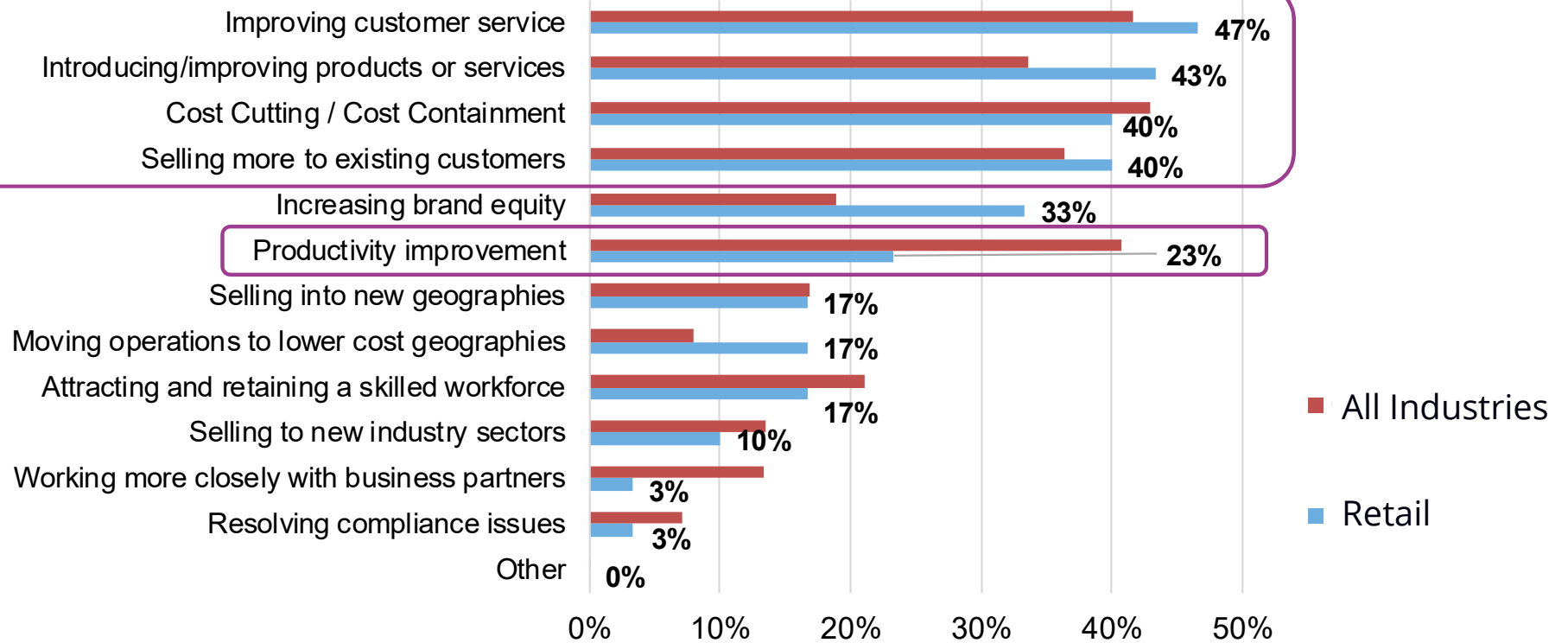
IoT for supply chain & customer experience



36%

Advanced analytics/artificial intelligence

# Top Business Priorities for A/P Small-Format-Retailers





## Did you know: Amazon & Alibaba are betting big on brick and mortar?

**SUN ART**  
Retail Group Limited



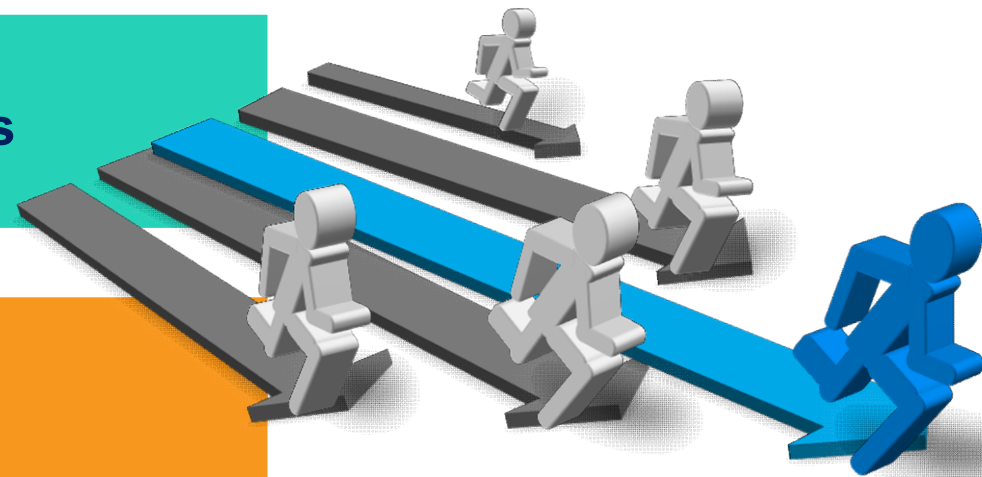
1. Patents
2. Fulfillment
3. Transportation
4. Products
5. Physical Retail
6. At Home
7. Service
8. Bots
9. Replenishment
10. Store Automation

# What are the winners doing?

**1** Digital-Technology Led Customer Focus

**2** Bigger Dreams - Smaller Stores

**3** Reimagining Brands



# 1. Digital Technology Led Customer Focus



## 2. Converging Models | Bigger Dreams – Smaller Stores

**Walmart**  
Save money. Live better.

**STAPLES**

that was easy.™

**BEST  
BUY**



- *Simply no longer the need for large showroom floors where traditionally a wide range of products and brands were displayed.*

- *Small shops can be located in many more areas, offering customers convenience & accessibility for quick shopping trips.*

**IKEA**

- *Higher sales per square metre, lower real-estate costs.  
Higher staff ratios and opportunity for hyper-personalization.*

**Gap**

**BUNNINGS  
warehouse**

## 3. Reimagining Brands



# How can YOU be a winner?

## *Customer Experiences in the Stream of Life*



Omnichannel

Platform

Customer-centric

Side-car approach

Isolated touchpoints

Islands of innovation

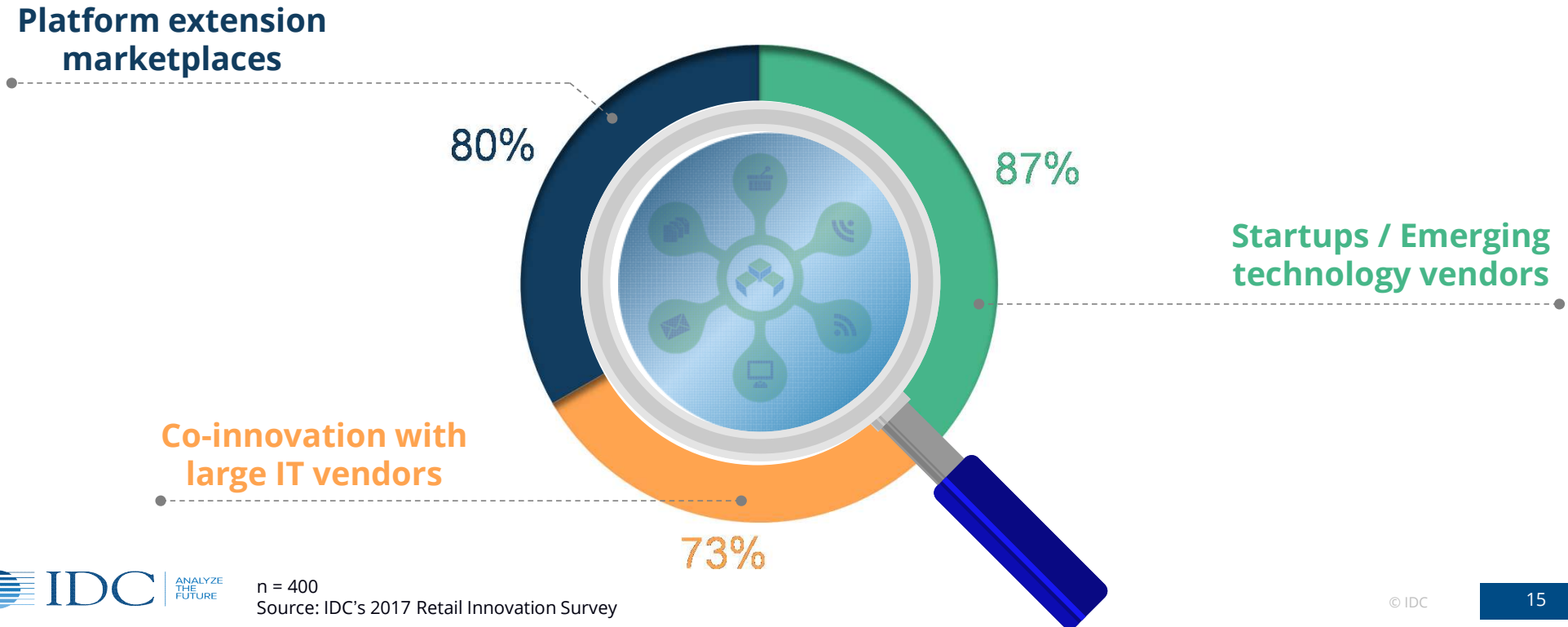
Business  
model

Innovation  
approach

# Innovation models in the ecosystem

Q. Could you please indicate, from the following list, the top 3 innovation models in terms of priority for your company?

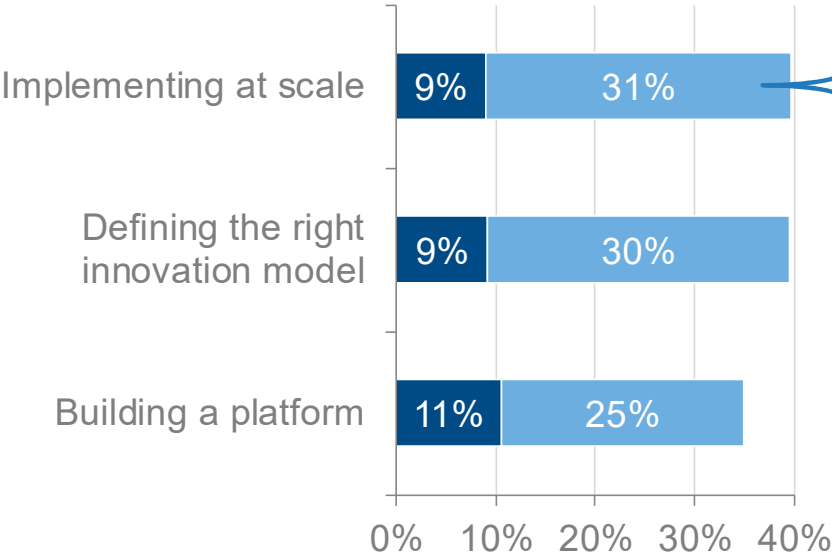
## Top 3 Innovation Models



# Biggest retail innovation challenges / opportunity: *Piloting and scaling innovation programs at speed*

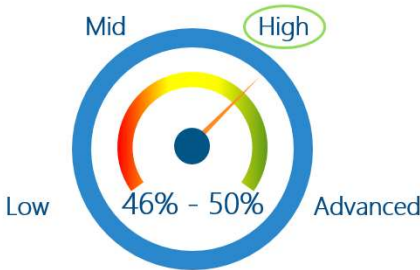
Q. What are the top challenges that your organization is facing today to drive innovation?

### Top 3 Innovation Challenges

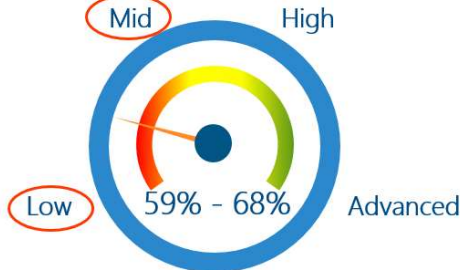


■ Extremely challenging ■ Very challenging

### Discovery & Selection



### Pilot, Implement and Scale



- Innovation **discovery and selection** are already at a **more mature** level.
- Retailers' abilities to pilot, **implement and scale** innovation are at a **low level** of maturity.



# Don't lose sight of what the customer wants!

## What makes customers more loyal? (0-10 scale)



Source: IDC Retail Insights Survey 2017, n=60

- ⦿ Consumers rank price higher than everything else when it comes to what makes them more loyal, but in reality resultant loyalty is tenuous.
- ⦿ Consumers answer with their intellect.
- ⦿ Shopping missions and journeys are not all created equal.
- ⦿ Emotion and an aggregation of impressions, and the ultimate inspiration to buy play an important role in consumer purchase behavior.
- ⦿ Personalization and interaction increase the likelihood that loyalty will grow, and that the customer will buy when purchase inspiration strikes!
- ⦿ Trustworthiness of data provided leaves a lasting impression!

# Addressing Four Important Questions



WHO

Intelligence

- Life-cycle segmentation
- Predictive analytics
- Performance insights



WHAT

Personalization

- Personalized browsing
- Web recommender
- Email recommender
- Store recommender



WHEN

Automation

- Timely triggers
- Analysis
- Content optimization

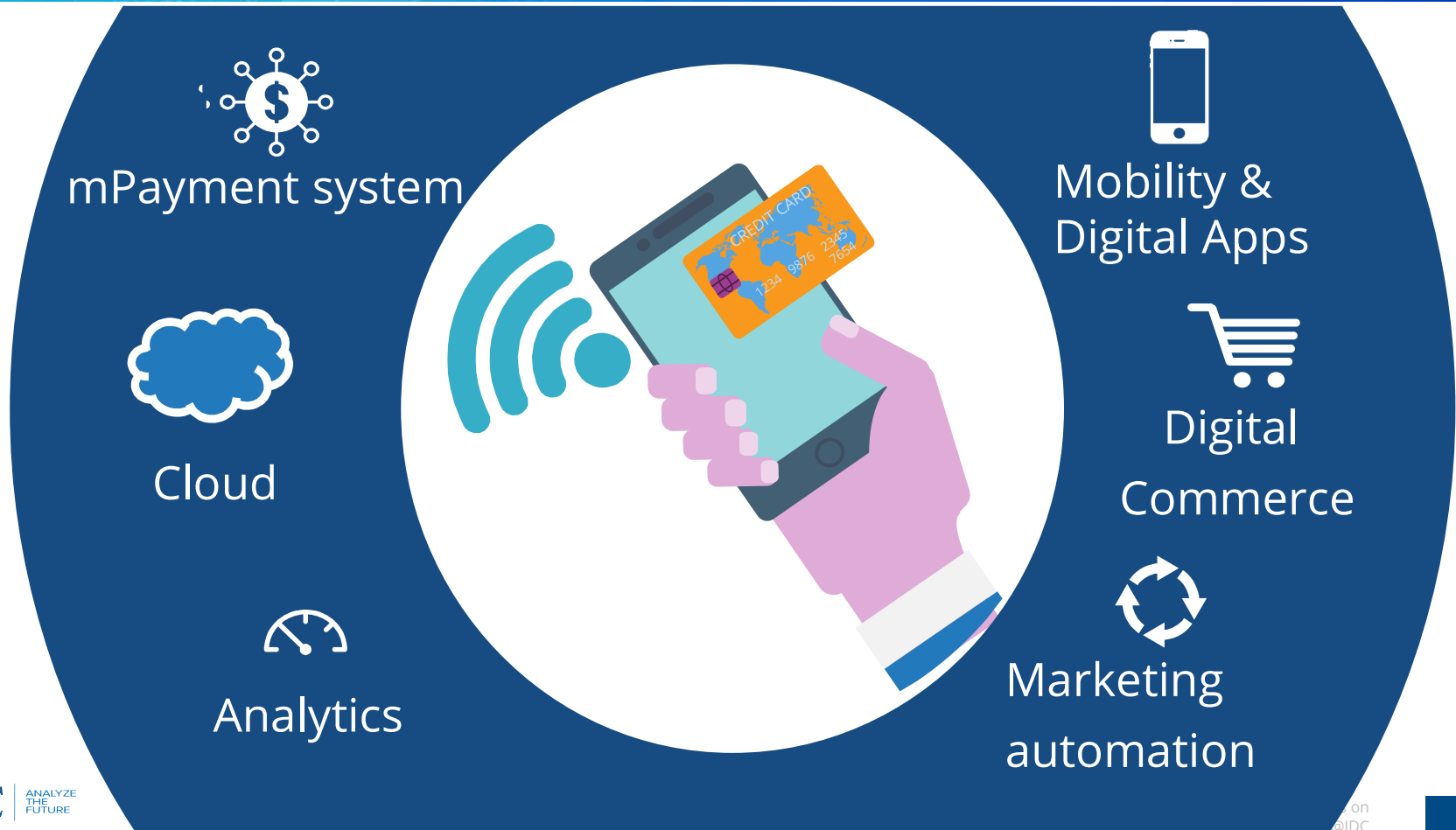


HOW

Channels

- Email
- Web
- Mobile/SMS
- Social
- Loyalty app

# Noise is real: Differentiating Technologies



# How 3<sup>rd</sup> Platform Technologies enable Transformation?

- Inventory
- Customer
- Products

**Visible**



- Service
- Responsiveness
- Product Introductions

**Fast**



- Processes
- Interactions
- Execution

**Automated**



- Interfaces
- Processes
- Interactions

**Intuitive**



- Demand
- Orders
- Offers

**Anticipatory**



- Product development
- Collective intelligence
- Social networking

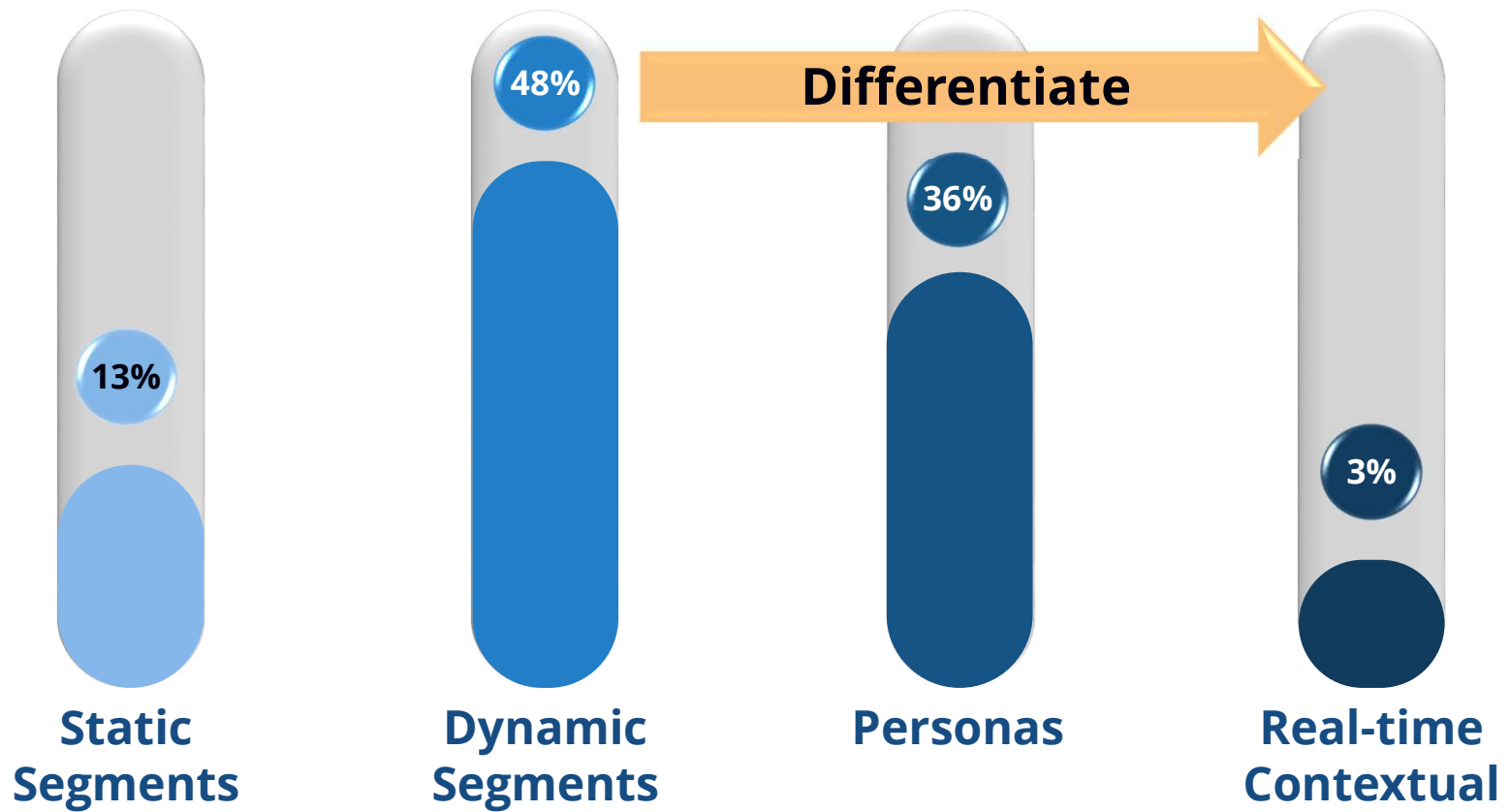
**Participatory**



# Emerging Technologies Drive New IT Priorities



# Competing on Experience Achieving Individualized Marketing Personalization



# Competing on Experience

## Winning the «Passive» Customer / Buyer



Self Educating Customers



Beyond “Traditional” Service

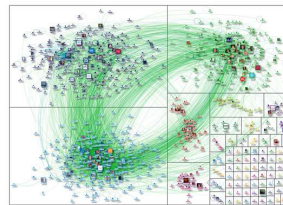


Always Connected Customers

$$X = \sum_{i=1}^n T = \sum_{i=1}^n (I + P) * E$$



Social Networks “Trusted Source”

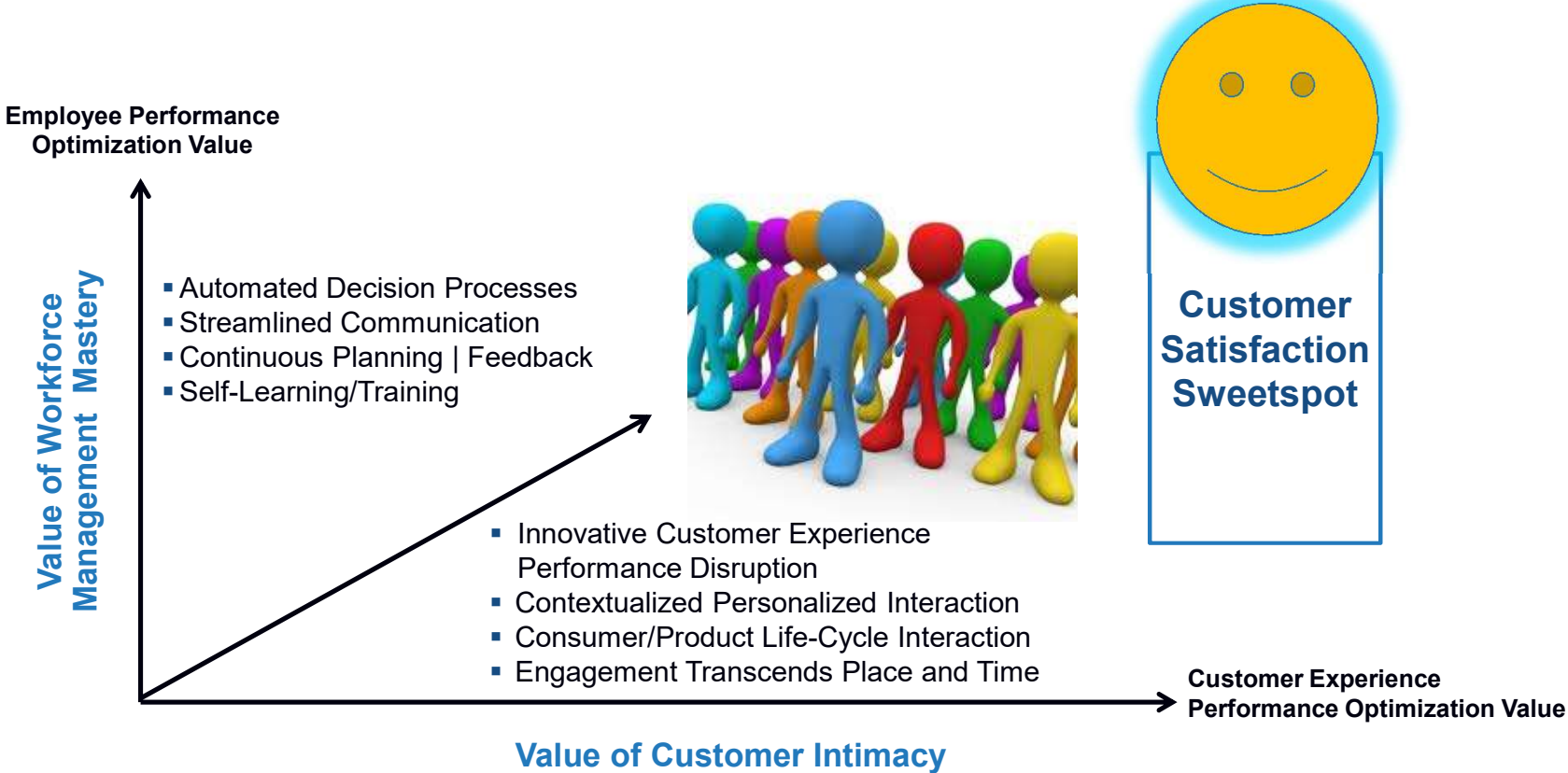


Massive Growth in Customer Data



“Things” as customers

# What matters? – Doing it right!





# Executive Summary

1

Most retailers consider innovation as an opportunistic initiative (52%), focusing innovation projects on delivering short-term results.

2

The biggest retail innovation challenge – and the largest opportunity – is driving effectiveness in piloting and scaling innovation programs at speed.

3

The adoption of a platform is considered essential for innovation by the majority of retailers. 46% of retailers are planning to invest in a retail omni-channel commerce platform over next 12 months.

4

Customer experience is the core of digital transformation, but the retail market is at low maturity, with only 3% of retailers adopting a real-time hyper micro autonomic approach for personalization.

## Conclusion

Observation	Yes	No
Physical-Digital Convergence	✓	
Need for Omni-Channel Strategy	✓	
Store Strategy in Place	✓	✓
Roadmap to Omni-channel established	✓	✓
Omni-channel Work Complete		✓

# Change is Not Optional

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"Refusing to go to the gym is not the same thing  
as resistance training."

# For More Information



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