

The Disrupted Retail and the Innovative Technology: Connecting Data...



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Abstract

Retailers are under pressure to make better decisions for the future by better using new analytics technology, improving resilience and agility of the supply chain network. As businesses are moving forward being accelerated by e-commerce, retailers need to transform their Omni channel business within the customer-first approach, considering the evolving digital behaviour. Now it's time for effective shopper marketing, aligning loyalty strategy with the evolving consumer needs, expectations, and channel and moment shopping preferences. It is also essential to ensure speed and convenience at the checkout, and to remove friction from CX, with the help of the innovative technology, confirming a better understanding of the shoppers by taking retail organization to the next level.

Keywords: Disrupted Retail; Innovative Technology; e-commerce; Omni channel; Shopper Marketing

JEL Classification: D21; D83; L21; M21; M31; O31; O33

Making better decisions for the future by better using new analytics technology, improving resilience and agility of the supply chain network. Businesses are moving forward being accelerated by e-commerce. Transforming the Omni channel retail business within the customer-first approach, considering the evolving digital behaviour

Responding customers' increasing service requirements (within the context of e-commerce acceleration) in the near-term presupposes an improvement in delivery's flexibility and accuracy (customers expecting instantaneous delivery) with the help of lean processes while adapting a business to the Industry 4.0 standards, better ensuring customer's logistics

planning (forecasting, visibility, cost containment, reaction to change, integration, resource allocation etc.), reducing the gap between planning and execution (considering, for instance, the impact of e-commerce acceleration within the context of COVID-19 pandemic). Within the framework of the struggling to improve the supply chain performance, it is essential to increase the end-to-end visibility across inventory planning, forecasting and warehouse operations. There is a close connection between developing Industry 4.0 capabilities (the optimization of the forecasting and replenishment processes thanks to AI applications) and making the shifts in inventory planning, data becoming more actionable with the rise of advanced predictive and prescriptive analytics (the increasing use, for example, of: Warehouse Management System/WMS solutions integrated with forehanded automation solutions like autonomous mobile robots/AMRs; commercial off the shelf/COTS; custom planning tools), and businesses becoming more and more aware of the need of having mobile access to their current system (Reuters Events, 2021).

Expressing consumers' evolving digital behaviour, the continuous turning to e-commerce is putting pressure on the digital experience with a retailer, consumers expecting not only to easily find what they are looking for, but also clear communication, including proactive information. If they are subjected to efforts because of restraints or constrictions, it is more likely to abandon the shopping experience, being driven to the competition without reaching out for eventual assistance (GoMoxie, 2020).

A retail and loyalty-marketing executive (also a best-selling author of a book – “The Loyalty Leap: Turning Customer Information into Customer Intimacy” – inviting to look at the next generation of consumer intimacy by harmonizing it with trust), former President and CEO of LoyaltyOne (part of the Alliance Data family), has recommended retailers (starting from a report by Toshiba and Retail Dive) to pave the way for a better shopper experience in 2021 by learning from the 2020 lessons, considering the most significant shopper behavior shifts (Pearson, 2021). Consequently, retailers need: to ensure an easier return process and a more environmentally positive return policy; to improve engagement (while moving excessive inventory) by offering bonus points and extending qualification periods for their reward programs' status levels; to more precisely predict emerging preferences by making technology investments allowing the smartly use of the collected (real-time location) data and information; to rethink stores' formats, improving appearance and organization across all channels, holding shopper's interest intensely covering all senses (sight, hearing, smell, taste, touch, and... emotion).

An interesting opinion coming recently from UK (Carter, 2021) has underlined (within the framework of the retail's current digital-first trajectory) the role of the big players' Omni channel strategies as a differentiator (this being presented as the next logical step), being expected: that household name brands make shopping seamless across all channels by capitalising on technology-led shopping experiences (becoming experiential hubs); stores' repositioning as brand showrooms for consumers and reimagining shopping experiences by ensuring real-world choices for consumers (like delivering on the same day or overnight products at homes), including within the context of the increasing use of both the social platforms (as every moment is becoming more and more conducive to shopping

through multiple digital touchpoints), and e-commerce (as the primary channel). It is worth remembering that we underlined in our last RDC Magazine issue both the powerful impact on e-commerce of the disrupting technologies (which are the supporting structure of the Industry 4.0 concept), and the impact of e-commerce acceleration within the context of COVID-19 pandemic (Purcarea, 2020).

A Survey Report Fall/Winter 2020 (being surveyed 92 retail industry executives in July 2020 and more than 1,000 consumers in June 2020) from Radial (a leading provider of Omni channel commerce technologies and operations, that is targeting seamlessly orchestrated CX by transforming the Omni channel retail business complexity) revealed that within the context of COVID-19 pandemic BOPIS (buy online, pick up in-store), BOPAC (buy online, pick up at curbside), pop-up fulfillment centers and dropshipping, as Omni channel fulfillment options were expanded, the majority of global respondents (60% of consumers) planning to avoid in-store shopping the holiday season (Radial, 2020). Most retailers (80% of respondents) felt anxious about a second wave or the aggravation of the new coronavirus crisis, being also concerned not only about the significant shifts to consumer spending (63%), but also about both timely order fulfillment (42%) and meeting customer service capacity (42%). Beyond the impact of pandemic, the shopping shift to eCommerce in 2020 represented a continuation of the trend from the 2019 pointed end. The Radial report recommended retailers to lighten or relieve the above mentioned concerns by enhancing inventory visibility and order management, and also by combining a customer-first approach with an advanced Omni channel strategy, proving agility and responsiveness in right meeting consumers where they are.

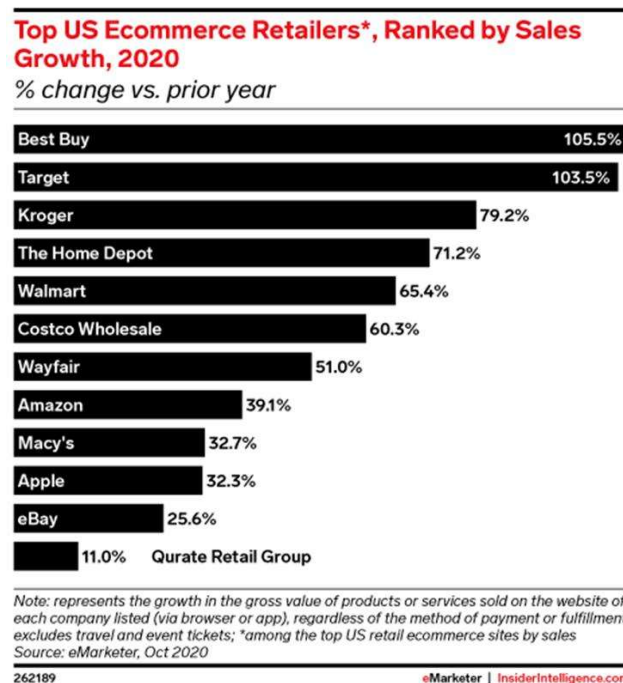


Figure no. 1: Top 10 US Ecommerce Retailers, Ranked by Sales Growth, 2020

Source: Liu, C., 2020. The haves and have-nots: Divides deepen across retail amid the pandemic, eMarketer, Dec 28 (work cited)

It is also worth mentioning within this framework that during the holiday season (December 2020 retail sales) Amazon delivered, for instance, over 1.5 billion packages globally, confirming pandemic-driven trends in consumer shopping (Business Insider, 2021). According to eMarketer (Liu, 2020), the shift to e-commerce has contributed to the growing divide between the haves and have-nots, and retail's future has been modified in a significant way by the new habits formed in 2020. For example, many of the big big-box stores included in October 2020 in the eMarketer's top 10 US ecommerce retailers (like Target, The Home Depot, Walmart, Costco) have seen their e-commerce sales increasing rapidly above the usual level, while other department stores (like Macy's) didn't move at the same rate., as shown in the above figure.

**The need of effective shopper marketing
and of aligning loyalty strategy with the evolving consumer needs, expectations,
and channel and moment shopping preferences**

The shifting shopping habits due to pandemic concerns are requiring from businesses effective shopper marketing as solution while facing unpredictability. Field Agent's expertise underlines the need for innovation (valorising the lessons learned in 2020 by both retailers and CPG brands), pledges for effective shopper marketing and flexibility in engaging customers, and draws attention to different aspects such as: the impulse buying of tomorrow, the partnerships meeting consumers across different channels (by offering relevant tools and platforms), more agile and responsive supply chains, brands' availability across multiple channels (Field Agent, 2021). On the other hand, it is important to see the connection with the above mentioned approach of a recognized retail and loyalty-marketing executive.

A recently released Loyalty Industry Data Study by Clarus Commerce (based on an in October 2020 conducted survey of 300 American marketing and loyalty professionals representing different retail categories offering different types of loyalty programs) highlighted retailers need of going beyond only a traditional rewards program (offered by 59% of respondents), by focusing on their unique customer needs and providing them clear value, considering what consumers really want (not only instant benefits and amazing CX, but also the before mentioned clear value). From the above mentioned 59% of respondents offering only a traditional rewards program, 95% retailers have expressed their intention of launching in 2021 a premium loyalty program supporting greater program innovation and agility, which allows better adaptation to customers' evolving needs, expectations, and channel and moment shopping preferences.

It is also interesting to note that this 2021 Loyalty Industry Data Study has also revealed that retailers are neglecting customers' wanted loyalty benefits which have proven in the past to be essential (such as: free shipping, instant discounts, free giveaways, faster shipping, surprise rewards, holiday discounts, exclusive deals, personalized offers, exclusive in-store experiences), as shown in the figure below:



Figure no. 2: Today's retailers are overlooking the loyalty benefits that customers want — which are often the tried-and-true, essential benefits, like free shipping

Source: Clarus Commerce, 2021. *Insights, Challenges & Plans from Today's Retailers. 2021 Loyalty Industry Data Study*, p. 11 (work cited)

Retailers' need for speed and convenience at the checkout, and to remove friction from CX, with the help of the innovative technology

It is well-known within the context of the current pandemic (which has limited considerably the in-store shopping) that in order to reduce consumers' surface exposure throughout the course of in-store shopping there is an obvious growth of the consumers' option for contactless or other digital forms of payment, consequently being a clear escalation for frictionless commerce technology (Nunez, 2021). One of the innovative technologies which have expanded in retail is Amazon's Just Walk Out software/autonomous checkout solution (RDC Magazine has made reference to this technology over the last years), brought by Business Insider Intelligence to our attention recently, within the context of the partnering of the e-commerce giant with the airport retailer Hudson deploying the solution at Dallas Love Field Airport (in the Hudson Nonstop stores). Business Insider also underlined the contribution of other autonomous checkout players, such as Toshiba (which has introduced recently the cloud-based software system Elera allowing retailers to customize an IT system enabling touchless point-of-sale and promotional offerings), AiFi and Standard, all of them helping improve CX.

On the other hand, a survey (of 872 randomly selected U.S. adults ages 18 and older) commissioned by Bolt and executed by YouGov, conducted on November 23-24, 2020 to determine why shoppers decide to create or not create customer accounts, revealed among other aspects that from the point of view of shoppers: speed and convenience at the checkout are representing the primary value of the customer accounts; more valuable than even discounts (and also rewards, ease of managing orders and returns, exclusive product offers) is to remove friction at this significant point at which goods are paid for in supermarkets or similar stores while saving usual information with regard to payment, shipping preferences, and buyer personal information – their main concern in creating customer accounts remaining security (Bolt, 2021). According to this retailer’s guide to shopper preferences 65% of respondents stated that when shopping online they typically prefer creating a customer account, only 35% expressing their preference for checkouting as a guest.

As a result of both consumers’ shopping and purchasing habits’ fast change, and retailers’ digitization impacted by COVID-19 pandemic, the payments industry is in full evolution with regard to create and implement the best solutions to the current rapid adoption by consumers of contactless, Omni channel, and online payments, as shown recently by Insider Intelligence (2021). The Payments Ecosystem Report by Insider Intelligence (see below chart and data pulled from this valuable Report) provides a rigorous analysis of this ecosystem, clarifying significant aspects such as: Payment networks (which act as hubs enabling funds to flow from the payer’s factory inspector to the recipient’s etc.); Payment Gateways (made increasingly prominent in the ecosystem by the merchants both building out their online presence, and unifying software across channels etc.); Independent Sales Organizations (ISOs) and Merchant Service Providers (MSPs) both forced to change their business models within the context of the adoption of mobile point-of-sale (mPOS) and other turnkey solutions by more merchants (including some larger sellers) etc.



Figure no. 3: The Payments Ecosystem

Source: Insider Intelligence, 2021. Consumers are embracing contactless, omnichannel transactions—and payments providers must adapt. *PAYMENTS & COMMERCE. REPORT PREVIEW. The Industry’s Biggest Shifts, Trends, and Evolution—and What the Pandemic’s Impact on Digitization Will Mean for the Payments Landscape*, Insider Intelligence <newsletter@insiderintelligence.com> January 31 (work cited)

According to CX professionals, real contactless experience (so-called by them a magic one) is difficult and expensive to create, but it is expected now more than ever by consumers who are empowered by it, feeling safe and happy (Petrova, 2021).

Conclusions

Recently eMarketer brought to retailers' attention the need of having a firm understanding of their shoppers, better considering the importance of personalization and retention, and improving communications' individually tailoring to customers, by investing more in the new marketing technology and data-collection tactics offering greater insights (Kats, 2021). Retailers have already, for instance, a great experience in using Radio Frequency Identification (RFID) systems, new insights being open by item-level data (based on its unique digital ID every single item can be tracked throughout its supply chain journey), the basis for any satisfied Omni channel customer (who is expecting an effortless CX, online, in-store or in-between) being built by reliable stock information integrated across the entire retail operation, as demonstrated by Detego (2020), while highlighting the strong correlation between RFID implementation and effective Omni channel services (see also the below figure).



Figure no. 4: OMNICHANNEL

Source: Detego, 2020. Solving Retail's Top Ten Needs with RFID, September 11, p. 9 (work cited)

Allow us to remember that at the Consumer Goods Forum's Global Summit in Berlin, in June 2017, it was presented and demonstrated the concept of "Simple Links" (the basic concept being "to create, manage and analyze digital links between items and their containers as a dynamic hierarchy, then to infer item-level tracking and monitoring information for any item based on searching the hierarchy for the best available track, monitor and prediction data at a given time"), which has been seen as an important opportunity for business models built around the "platform" concept, as shown in the figure below (Hagedorn, Hunt and Burger, 2018). Globally recognized for his expertise on the matter, Ruediger Hagedorn, End-to-End (E2E) Value Chain Director, The Consumer Goods Forum (CGF), has expressed recently an opinion on the evolution of the continuous work on Simple Links on the occasion of the Academic & Business Partnership 2020 SCM for ECR Conference, co-hosted by him. Within this special framework Ruediger Hagedorn has shown, among other aspects concerning the

above mentioned concept, how “existing ID systems can be connected by embedding the original ID in the link or – should the ID already be coded on an item/resource – by assigning links to each code”.

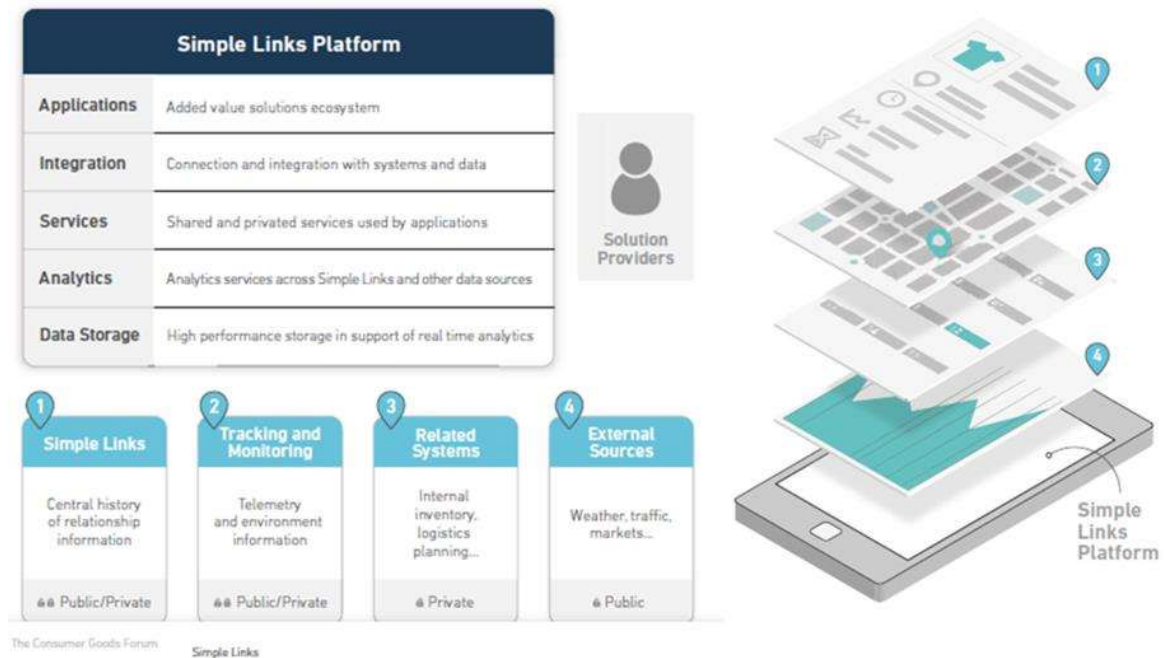


Figure no. 5: Simple Links Platform

Source: Hagedorn, R., Hunt, C. and Burger, A., 2018. Simple Links. Integral control of your company's logistics through simple links, The Consumer Goods Forum, February, p. 9 (work cited)

More recently, a principal analyst of Futurum Research (also CEO of BroadSuite Media Group) – and contributor to Forbes CMO Network – has analysed the trends to watch at the well-known US National Retail Federation (NRF) 2021 event (January's Chapter 1 being held digitally, of course, and led by the same theme “Forward Together” like the June's Chapter 2), highlighting the following aspects: 2020 surging digital channels; improving supply chain connection by turning to technology; improving CX and Omni channel, based on gaining better insight into customers by collecting data from multiple sources (investing in business intelligence platforms); taking a retail organization to the next level by improving data approach (feeding real-time data into retailers' CRM and CX systems based on AI and Automation); considering retail specific clouds (Newman, 2021). On the other hand, the feature-rich website Retail Technology Review (dedicated to the products and solutions needs of end users within the retail sector) has underlined both retailers' pressure to prioritise e-commerce improvements which enhance the entire consumer shopping journey, and how retailers can benefit from Google Cloud's Product Discovery Solutions for Retail (including Recommendations AI, Vision API Product Search etc.) by considerably improving their websites and mobile applications on the basis of the high-quality product search functionality achieved on this way (Retail Technology Review, 2021).

And allow us to end by citing from an invitation (entitled “Lessons for Retail Marketing From Holiday 2020”) to a remarkable recent Tech-Talk Webinar moderated by eMarketer (sponsored content presented by Salesforce): *“Meeting the needs of buyers was not possible without connected data, hyper-personalization, and triggered communications to customers, employees, and suppliers”* (eMarketer, 2021).

We totally agree with this idea.

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