

The retail market under the pressure of the technological change

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Abstract

Facing the danger of closing stores retailers are struggling to approach the Omni channel marketing, and innovating in using online platforms and shipping processes. Location, information, assortment, delivery, and ambience are important distribution services which represent essential outputs of the retail establishments, and are considerably impacted by the technological change, the evolution of retailing on the Romanian market, where were observed the highest increases in total retail trade among EU Member States, also confirming this considerable impact. Consumers are expecting personalization, retail personalization is transformed including with the help of the artificial intelligence, and there is a real retail marketers' opportunity to drive increased levels of personalization thanks to improved tracking and attribution technologies across all the channels. Both retailers and CPG companies are being forced to leverage mobile technology to communicate with their targets throughout the customer journey, enhancing the overall customer experience, and CPG companies are committing to Omni channel retail as one of the identified imperatives.

Keywords: Omni channel marketing; Distribution services; Technological change; Retail personalization; Omni channel customer experience

JEL Classification: L81, L86, M31

Managing the change to an Omni channel marketing approach

In the last issue of this journal we underlined that retailers are under real pressure for identifying the best solutions while facing challenges through the sales cycle, struggling to have the big picture of their customers' Omni channel journey, and in this respect they have to synchronize online and physical experience to deliver on brand promise, so as to ensure the wanted seamless, personal and relevant customer experience. And as we are witnessing a terrible battle within two "giants" of retailing, two quotes come to our mind: "There is nothing more poetic and terrible than the skyscrapers' battle with the heavens that cover them (Federico Garcia Lorca); "In preparing for battle I have always found that plans are useless, but planning is indispensable" (Dwight D. Eisenhower).

The retail marketplace is revolutionized today by Amazon, which completely disrupted the way that traditional retailers can think about doing business, battling the likes of Amazon for an online presence being a true challenge within the general context of adequately managing the

change to an Omni-channel marketing approach, without such an approach retailers being exposed to the danger of closing stores. In their struggling to increase convenience behind their offerings, retailers are innovating in using online platforms and shipping processes to expedite the delivery of products to their customers, University Alliance highlighting within this context the competition between Walmart and Amazon, and showing, among others, the following aspects: Walmart is also giving now customers the gift of time (citing Walmart's President and CEO of Global E-Commerce Neil Ashe), not only the well-known "Everyday Low Prices"), by making shopping faster and easier thanks to arranging new digital capabilities in layers over the store experience. (University Alliance, 2016)

As shown by Investopedia (Hyde, 2015): (at the beginning of the last year) the strategies and systems of Walmart's modern operations (in 10,000 retail units, with millions of associates around the world) have been built onto the original model (sales volume, scope of operation and wide customer base; supply chain management based on electronic product information, vendor role in distribution, and layout of warehouses; minimization of overhead and operational costs; leveraging of its bargaining power to force suppliers to lower prices); (at the end of the last year) facing strong competition from Amazon (now the number one retailer in America) Walmart planned to increase sales 3 to 4% annually focusing on improving the customer experience through its better paid employees (the stores becoming more welcoming places to shop), its revamped and expanded stores (the most profitable format, Walmart Supercenters), its technology (dedicating over \$1 billion to its e-commerce strategies, offering consumers more shopping options: online, via an app, "click and collect" service, Shipping Pass for receiving free home delivery for products unavailable in store - about half the cost of Amazon Prime), but also focusing on investing in more efficient supply chain software and inventory management. (Page, 2015)

Distribution services and technological change. Dynamic changes on the Romanian retail market

It was recently recalled by Roger R. Betancourt that consumers incur a variety of costs in their interactions with the retail systems, (Betancourt, 2016) and these potential *distribution or transactions costs* (viewed as an output of retail firms or systems looking for producing higher levels of output by increasing, constant or decreasing returns to output) could being mapped into *a set of five broad distribution services*: location, information, assortment, delivery, and ambience. In contrast to the four distribution services mentioned above (which can be viewed basically as mechanisms for affecting customers' purchasing costs with regard to time or money directly or indirectly), the last one, ambience, is considered a distribution service affecting utility directly concerning what may be described as so-called psychic costs of interacting with the retail environment.

Betancourt also showed that: spreading the fixed costs (a source of economies of scale) of providing any of the above mentioned distribution services at a higher level over a larger number

of items or products offered for sale at an explicit price represents one source of increasing returns at the store level; the evolution of Walmart is one of the best examples of the process of the growth of chains in modern retailing (a multiproduct activity), as empirically identified as pattern of store expansion (viewed as a strategy of lowering the costs of providing a distribution service to itself as its own main supplier) by Thomas J. Holmes in 2011 (in terms of the substantial benefits of economies of high densities); (Holmes, 2011) the coordination costs in adding additional products and/or stores are lowered by the advances in technology (regarding inventory management, logistics and distribution) generating strategic complementarities which lead to higher rates of expansion in scale and scope for the general merchandisers (in the 60's took place the initial expansion of Walmart as a *general merchandise retailer*, while in 1988 was the introduction of the *supercenter* format with a full-line grocery store along the traditional general merchandise store) compared to the specialist retailers in their profit-maximizing game theoretic model; by providing consumers with information on the prices, characteristics, location and availability of products, retailers also provide an aspect of assurance of product delivery in the desired form, this kind of joint provision affecting the levels of both services which can be produced by retailers (special mention was made by Betancourt regarding the case of online channels where this joint provision affects the levels of both above mentioned services that can be produced, by limiting the ability of producing high levels of both services with respect to offline channels for sensory dependent items).

It is also worth remembering, within this context, that Walmart is both the largest of the rapidly growing retailers (the expansion of large box stores and supercenters being one of the most significant changes over the past two decades in the U.S. retail market), and the biggest private employer in the world. And as Walmart when trying to build a new store often faces strong local opposition (because of increase in crime, traffic and congestion, noise and light pollution, or other negative externalities), the benefits to quick and easy access to the lower retail prices offered by Walmart were underlined and shopping at other stores as appearing to matter more to the households involved (in certain cases, due to externalities or important differences across communities in the income and preferences for accessibility and externalities stemming from Walmart, being also possible that a new store may decrease these above mentioned housing values). (Pope&Pope, 2015)

Coming back to *Betancourt's approach of the distribution services* it is worth mentioning his viewpoint of considering these essential outputs of the retail establishments also as fixed factors or inputs in the household production functions of consumers, the distribution services tending to be gross complements with all items in any retailers' assortment, the consumption effects being powerful drivers toward complementarity between common distribution services and all retail items (including of other retailers in the same agglomerations), *without neglecting other significant aspects*, such as: the casual effect of online advertising on online and offline sales; customer satisfaction must be seen as a function of the distance between the optimal levels of distribution services demanded by retailers' customers and the levels of the distribution

services supplied by these retailers; the rapidly increase of the effects of ICT with regard to the Internet and associated technological developments on retailing, online retailing leading, for example, to greater variety of organizational forms affecting different retail sub-sectors in economically important manners, and even to the disappearance of large companies as exclusive brick-and-mortar channels; the fact that the information about a good in the online channel is: produced wherever the website is designed, distributed wherever the latter is placed in cyberspace, and consumed wherever the consumer is located when embracing retailers' website etc.

It is worth remembering, for instance, *within the evolution of retailing on the Romanian market*, that Cora Romania - S.C. Romania Hypermarche S.A. as part of Louis Delhaize Group - present on the Romanian market since 2003, and currently operating eleven hypermarkets in Bucharest and other major cities in our country, launched in 2013 the platform www.cora.ro (currently in Bucharest, capital city of Romania and Constanta, main port at the Black Sea), *Cora becoming the first large commercial chain which proposed drive delivery type in Romania* (today the network of the points coraDrive was extended to all four stores in Bucharest, while in Constanta, where two stores are located, at one of them has been recently inaugurated the online service coradrive.ro). And this should be correlated with different local aspects such as:

- According to Eurostat, Newsrelease Euroindicators, 167/2016 - 5 September 2016, among European Union (EU) Member States for which data are available, *the highest increases in total retail trade were observed in Romania (+13.5%), Luxembourg (+12.2%) and Lithuania (+6.2%), while decreases were observed in Malta (-2.7%), Belgium (-1.8%), Denmark (-0.8%) and Slovakia (- 0.6%)*; in the EU28, the 3.5% increase in retail trade volume is due to rises of 4.3% for non-food products, of 3.8% for automotive fuel and of 2.2% for "Food, drinks and tobacco"; it is known that the index of the volume of retail trade is a business indicator which measures the monthly changes of the deflated turnover of retail trade both at the level of the EU and euro area, and of individual EU Member States (as well as some candidate and EFTA countries); (Eurostat, 2016)
- According to IKA Romania – RetailerAnalysis, *the total current number of shops on the Romanian retail market* (2,501 compared to 1,717 international retail chains stores in November 2015) *per channel type* is as follows: *Cash&Carry* – 55 (54 in November 2015); *Discount Store* – 385 (366 in November 2015); *Hypermarket* – 188 (182 in November 2015); *Proximity Store* – 686 (606 in November 2015); *Specialized Store* – 84 (80 in November 2015); *Supermarket* – 417 (407 in November 2015); *Rural Store* – 49 (22 in November 2015). Compared to the number of international retail chains stores in November 2015 (1,717 as mentioned above), there is *an increase with 784 stores*; (IKA.Progressive Magazine, 2016)
- According to Retail&FMCG Magazine, 21 new stores were opened in Romania in August 2016, compared to 17 stores opened in the previous month; (Retail&FMCG, 2016)

- According to gemiusAudience in Romania (a study measuring online audiences using its proprietary fusion methodology, proprietary site-centric data, proprietary user-centric data and structural data provided by BRAT through SNA FOCUS study), *the Romanian e-commerce market knew dynamic changes in the period 2014-2016* (from around 5.3 million users for online shops in May 2014, up to 5.6 million in May 2015, and down to around 4.5 million in May 2016), *noticeable differences in the structure of these online shop users being also recorded* (50% of users are 25-44 old, which is a constant for the above mentioned period, but other age groups have shown big changes, such as a decrease in internet users aged 14-19 (in May 2014 e-commerce websites were visited by 57%, compared to May 2016 when it was 50%) and 45-54 (65.6% in May 2014, compared to 61.1% in May 2016), while a reverse trend is observed for users aged 34-44 (55.5% in 2014, compared to 60% in May 2016); (Gemius, 2016)
- A year ago, in September, data coming from gemiusAudience showed that *over 5,3 million of Romanian internet users visit e-shops* (61.8% reach), Top 10 online shops according to number of Real Users looking as follows: Alibaba Group – 28,75% reach; Emag.ro – 28,1% reach; Okazii.ro – 14% reach; Cel.ro – 10,7% reach; Altex.ro – 10,5% reach; Elefant.ro – 8,5% reach; Dedeman.ro – 7,8% reach; Amazon – 6,1% reach; Flanco.ro – 5,7% reach; Evomag.ro – 5,2% reach; in other words, Gemius research also revealed how popular Romanian online shops are; (Gemius, 2015)
- According to the Romanian National Authority for Management and Regulation in Communications (ANCOM), the Romanian users' mobile internet consumption doubled in the second half of last year compared to the first half of the year; (ANCOM, 2016)
- On the occasion of the GPeC Summit (the Spring edition of the Most Important E-Commerce Event in Central and Eastern Europe), which took place in Bucharest on May 25-27, 2016 (850 attendees, 9 international speakers, other speakers representing top local companies such as Altex, eMAG, Google, Netopia mobilPay, Orange, Oracle, Microsoft etc.) significant aspects were highlighted, among others, such as: for the first quarter of 2016 has been registered a growth in online payments of over 60% compared to the same time period last year (according to Marius Costin, PayU); Romanian online shop eMAG focuses on the buying experience of the users updating its platform every day (according to Tudor Manea, General Manager eMag Romania); in 2 years' time 70-80% of all online content will be video (according to Elisabeta Moraru, Industry Manager Google România) etc.; (Radu, 2016)
- The seven edition of BrandRO (Biz and Unlock Market Research, 2016) showed that *15 of the top 25 brands are FMCG ones* (Top 100: Gerovital, Borsec, Dero, Farmec, Elmiplant, Arctic, eMag, Poiana, Napolact, Dorna etc.), *the online shop eMag occupying the seventh position* (down from 6 last year), and *Top Ten Retail* looking as follows: eMag (7; -1), Dedeman (16; -8), Altex (25; -13); Catena (28; -2); Sensiblu (30; -5); Farmaciile Dona (33; +14); Plafar (36; -9); Flanco (45; -12); HelpNet (092; -18); (Retail&FMCG, 2016)

- According to a Starcom MediaVest survey conducted in August 2016 on a sample of 2430 urban Romanian internet users, aged over 18 years, *46% of Romanian Internet users accustoms to buying online items that they need*, clothes, electronics and personal care products being most being in the top of their preferences when it comes to online shopping summer, being followed by IT & C products, footwear and household appliances. (Obae, 2016)

Retail personalization transformed by artificial intelligence. Omni channel customer experience and actively engaging on potential disruptors

As consumers are expecting personalization, it was recently argued that thanks to both the proliferation of big data, and the implementation of machine learning across distributed platforms retail personalization is having a major resurgence. Within this framework, it was shown how Amazon and Netflix were ten years ago the poster children for personalization. Today, retail personalization is transformed including with the help of the artificial intelligence (AI), entire businesses of some retail organizations have been built around AI, this being the case for Stitch Fix too. So, AI-driven marketing is already a must, because marketers are enabled by AI to harness powerful algorithms in order to find patterns in internal and third-party data, looking then for repetitions in these identified patterns. Machine learning is one of the core underpinnings of AI which is transforming retail personalization, by continually adjusting the data sets “*until the right marketing message for each individual shopper is presented at the moment, and through the channel that matters most*”. (Alberino, 2016)

And as shown by the Stitch Fix’s Chief Algorithms Officer, (Colson, 2015) the Stitch Fix styling algorithm leverages a combination of machine-learning (machines doing all the rote calculations, the results being then returned to a human stylist) and expert-human judgment (the human stylist using the cognitive abilities to do curation, to further contextualize the results, and to connect 1-to-1 with the customer). The stated goal is to combine both contributions which together can be additive and perform better than either one on their own. Stitch Fix’s Chief Algorithms Officer, who was a vice president of data science and engineering at Netflix before joining Stitch Fix in 2012, explained that the algorithm (the company got its first machine learning algorithm in 2012, but today the company has already hundreds of algorithms) used for basic criteria filtering would filter out shirts that were a large or small if a client was a medium one, and those items would be excluded if this client didn’t like the color. (Gaudin, 2016) Founded in 2011 by Katrina Lake while she was a student at Harvard Business School, Stitch Fix has benefited of a world-class executive team with experience from major companies (including Netflix, Walmart.com, Nike and lululemon).

Stitch Fix saves clients (like other online retailers) a trip to the store by shipping items directly to them, its personal stylists also saving them the time and trouble of selecting clothing and accessories, also enjoying the ease and convenience of automatically scheduled shipments

that arrive at a frequency of their choosing. It currently offers pants, skirts, shorts, dresses, sweaters, shirts, outerwear, scarves, jewelry and bags, working with more than 250 established and up-and-coming labels and brands. Its average price point is \$55 per item, but it carry a wide variety of prices, and when a client fills out the Style Profile (taking about 10-15 minutes), he can tell how much he is comfortable paying (if he chooses to buy all five pieces, he gets a 25% discount off of his entire purchase).

In 2013, Capgemini's Strategic Analysis Group within the Global Financial Services Market Intelligence team highlighted that integrating the online and offline channels, expanding payment options, and personalizing the online shopping experience for users are key challenges for retailers. Within this context, merchants are focusing on enhancing the user experience and providing secure ways of transacting online, partnering in this respect with both banks and non-banks to create consumer-oriented, innovative payment solutions. (Capgemini, 2013)

Within this general framework of improving customer experience it is also worth recalling the important contribution brought in 2014 by Miguel Ramos (Mobile Practice Lead, Confinity) and James Tenser (Founder, VSN Strategies) with their talk about the topic of "Digital Disruption and the Retail Experience. Earning Loyalty in the Age of Empowered Consumers", on the occasion of a Customer experience Thought Leader Forum. They underlined the elements that define the "The New Big" (volume, velocity, variety of information; digital, connected consumers), clarifying why "Big Data" matters. Within this context of "The New Big", James Tenser advanced the "SCAMP" model reflecting the "Five Pillars of Shopper Experience": *Service* (People, Practices, Training), *Convenience* (Time-Saving, Effort-Saving), *Ambiance* (Design, Lighting, Sensory, Patrons), *Merchandising* (Assortment, Display, Messaging), *Price* (Base, Promotion, Markdown). (Ramos and Tenser, 2014)

Just a year later, Genesys (eBook, 2015) recommended six best practices for a seamless omnichannel customer experience, its valuable Customer Experience Platform powering optimal customer journeys consistently across all touchpoints, channels and interactions to turn customers into brand advocates. While a Merkle's representative argued that all digital marketers will need to be actively engaging on potential disruptors, taking into account: the challenge of the consumer's mobile screen for a retailer, within the context of technologies like beacons, Wi-Fi and geofencing which open up new dimensions for real-time and personalized marketing (being already notable examples such as Wal-Mart with store-specific apps, and Walgreens with beacons); listening, targeting and interacting are the main areas of opportunity today with social media (Social shopping 2.0), the velocity of new social channels continuing to increase with emerging players); fast analytics (built on top of big data); retail marketers' opportunity to drive increased levels of personalization thanks to improved tracking and attribution technologies across all the channels; marketers (either on their websites, in social media, in-store, on mobile, or integrating all of these), are now in a better position to deliver personalized Omni channel experiences that differentiate their brand). (Schottmiller, 2015)

Commitment of Consumer-packaged-goods (CPG) companies to Omni channel retail, an imperative for their growth

According to Investopedia, Consumer packaged goods (CPG) are goods consumed every day by the average consumer, needing to be replaced frequently, and their market being highly competitive due to high market saturation and low consumer switching costs. Financial Times Lexicon defines CPG (also known as fast-moving consumer goods - FMCG) as goods that developed world consumers aim to replace frequently (including items such as food, soft drinks, toiletries, lower end consumer electronics goods etc.). CPG companies (one step earlier in the supply chain) are manufacturing the products sold to and that sit on the shelves of retail stores or can have retail stores (the case of fashion brands, for instance) where they exclusively sell their own products. (Chu, 2013)

As Deloitte's "Global Powers of Consumer Products 2015. Connecting with the connected consumer" report showed (the eighth annual report, which identified the 250 largest consumer products companies around the world, and included a special discussion on the importance of connecting with the connected consumers actively engaged with each other and with the marketplace), the consumer is in charge in today's demand-driven world, and that is why consumer products companies must directly engage with consumers (critics, evangelists, curators) who increasingly own the conversation about goods and services. (Deloitte, 2015) The critical challenge for these companies, according to the above mentioned report is to create the right experience and the right engagement for consumers (as co-creators and advocates) and doing it at scale, including by creating unique customer products and services derived from crowd-based insights (the "billion-to-one" phenomenon, or B2ONE, experience). The Top 250 companies (ranked according to their fiscal 2013 net sales in U.S. dollars) have been organized, for analytical purposes, into eight major product sectors: Apparel & accessories; Electronic products; Food, drink, and tobacco; Home furnishings and equipment; Home improvement products; Leisure goods; Personal care and household products; Tires. The report also highlighted that the squeezing of margins due to commoditization has been one of the biggest challenges facing these companies in recent years, consumers often viewing these companies' produced brands as undifferentiated from one another except on the basis of price, what was intensified by consumers' ability of using the Internet (especially mobile devices) in order to compare prices and goods. (Deloitte, 2015)

Incidentally, in the same year it was shown that: as the result of digital advancements, of the mobile technology and of the explosion of social media, the retail & CPG landscape and shopper behavior eloquently changed, both retailers and CPG companies being forced to leverage mobile technology to communicate with their targets throughout the customer journey, enhancing the overall customer experience; (Jain, 2015) in the CPG sector are now occurring some of the most innovative experiments in e-commerce (Amazon Pantry, Prime Now, Dash Button, "click and collect" pilots of the regional grocers, Campbell's customized soup packages

for millennial shoppers etc.), the sudden acceleration in CPG e-commerce being driven by the emergence of mobile devices for Internet access (CPG categories being particularly popular for digital consumers); CPG companies are working extensively with retailers to ensure they receive prime digital shelf space on retailers' websites, and are focusing on Omni channel marketing campaigns that actively incorporate social-media monitoring for insights about consumer preferences; a road map for CPG companies' success (companies emerging as winners in e-commerce) involves engagement in three practices: building strong account-management teams to serve strategic retail partners, developing next-generation e-category management, and building their Digital Quotient; (Alldredge, Newaskar, and Ungerman, 2015) to build up their Digital Quotient® (DQ™ - an assessment to measure an organization's digital maturity and capabilities and to examine how they drive financial performance), CPG companies need rethinking their business's strategy, organization, capabilities, and culture.

And as shown in August this year by other McKinsey's representatives, the actual belief of the CPG companies is that *e-commerce* (Amazon's continued growth in particular; second place in 2016 being occupied by the demographic shifts, which were the top response in the 2014 survey) *will be the top driver of change over the next five years* (that is why companies are partnering closely with Amazon, in Amazon's offices 29% of winners collocating account teams, while 14% plan to do the same within two years). This idea was introduced within the context of highlighting the best practices in customer and channel management (according to McKinsey's 2016 survey of North American companies the gap between winners and others in sales strategy, for example, narrowing significantly), starting from the challenges faced by CPG companies today, such as value-conscious consumers with fast-changing needs, and intensified cost pressure due to retailer consolidation and the rise of hard discounters. *Committing to Omni channel retail is according to the recent McKinsey's survey one of the fourth identified imperatives* (alongside identifying pockets of growth and align resources against them, overinvesting in "power partnerships" with the most important customers, and taking a data-driven approach to revenue-growth management). (Alldredge, Henry, Lowrie, and Roch, 2016)

The findings of the recent McKinsey's survey mentioned above reveal very interesting aspects, such as: most winning companies (those that outperform peers in categories in which they compete) plan to increase investment in multichannel grocery, mass, or drug retailers (placing bets on sites beyond Amazon such as Walmart.com and Kroger.com); half of these companies (but only 7% of others) plan to increase investment in online or multichannel category specialists (such as Diapers.com³ and Sephora.com), also using their own e-commerce-enabled websites in order to enhance consumer experience, strengthen brand presence, collect data and develop insights, and test new products and promotions. And in order to better understand online shoppers these winners obtain and analyze more data from online retailers as shown in the figure below, allocating 2.4 times more employees to online sales than others do (the cited McKinsey's article being based on the above mentioned recent report suggestively

entitled “*A tight race in consumer packaged goods: How to win with big data, tools, and insights*”).



Figure 1: Winners obtain and analyze more data from online retailers, helping them better understand online shoppers

Source: Alldredge, K., Henry, J., Lowrie, J. and Roch, A., *Winning in consumer packaged goods through data and analytics*, McKinsey & Company, August 2016, p. 5, retrieved from: <http://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/winning-in-consumer-packaged-goods-through-data-and-analytics?cid=other-eml-alt-mip-mck-oth-1608>

Instead of conclusions

Just after starting writing our conclusions we find out thanks to Total Retail Report three interesting news, one about Amazon.com's algorithms, one about the shining light at the end of the tunnel (the year-end) for retailers (the holiday season), and the last one about the steps to grow the long-term omnichannel capabilities taken by PetSmart, the largest specialty pet retailer in North America:

- Amazon.com's algorithms encourage customers to pay more than they need to for products, according to a report of ProPublica, the findings indicating that Amazon's own products are placed (even if they aren't the cheapest) in the prominent "Buy Box" almost three-quarters of the time, which means that a consumer would have paid for everything recommended by Amazon's "Buy Box" with 20% more than if he had bought the same products at the lowest price on the retailer's platform; Total Retail wanted to clarify that: Amazon insists that its algorithms don't favor itself (selling products directly itself and encouraging brands to use its platform as well), the criteria to enter into the "Buy Box" including price, seller rating and geolocation; just like Google and Facebook, Amazon uses hidden algorithms to govern consumers' online interactions; (Taylor, 2016)
- Beyond the robust optimism of retailers (according to new research from First Insight and Fung Global Retail and Technology) about the upcoming holiday season, it is recommendable (in the opinion of the founder of a technology company delivering what is now the world's leading predictive analytics platform for consumer-testing new products) for many of them to *continue to address necessary changes by revamping e-commerce practices* (such as Walmart has done with the acquisition of Jet.com) or *by investing in big data technologies to help with inventory, assortment etc.*; (Petro, 2016)
- PetSmart announced that in order to allow its customers to shop and engage how, when and where they wish, it will leverage Demandware's Commerce Cloud platform, PetSmart's new Omni channel strategy allowing, for example, in-store shoppers enjoying the convenience of shipping their pet essentials directly to their homes, or pick up their orders at their nearest PetSmart location. (Knight, 2016)

Besides, as we have learned from Demandware's Press Release (September 1, 2016), PetSmart (which has more than 53,000 associates and more than 1,450 pet stores in the United States, Canada and Puerto Rico) selected Demandware because of its leadership in the ecommerce space (Demandware, a Salesforce company, is the category-defining leader of enterprise cloud commerce solutions), the Demandware Commerce Cloud (powered by a unified promotion and personalization engine) streamlining retail operations from customer attraction to conversion, and providing a full range of capabilities that leverage a shared view of key retail. Built for large and fast-growing volumes of digital commerce, Demandware Commerce Cloud empowers retailers with comprehensive customization, scalability and performance that organizations require for successful Omni channel retailing and enterprise ecommerce, its architecture including a runtime environment, application centers, and core functions. This

Demandware Commerce Cloud *brings together digital commerce, order management, point-of-sale, store operations and intelligent personalization into a single cloud platform* (as shown in the figure below), (Demandware, 2015) enabling digital commerce teams to deliver a superior digital experience in every channel (online, mobile, social, and in-store), taking advantage, for instance, of open commerce APIs to easily and quickly integrate custom capabilities and applications (that will engage consumers with innovative and personalized digital experiences), unifying the physical and digital experience by bringing all channels together to support a single customer experience, *and all this because of a shared data and service model that can be leveraged across all direct interaction channels.*

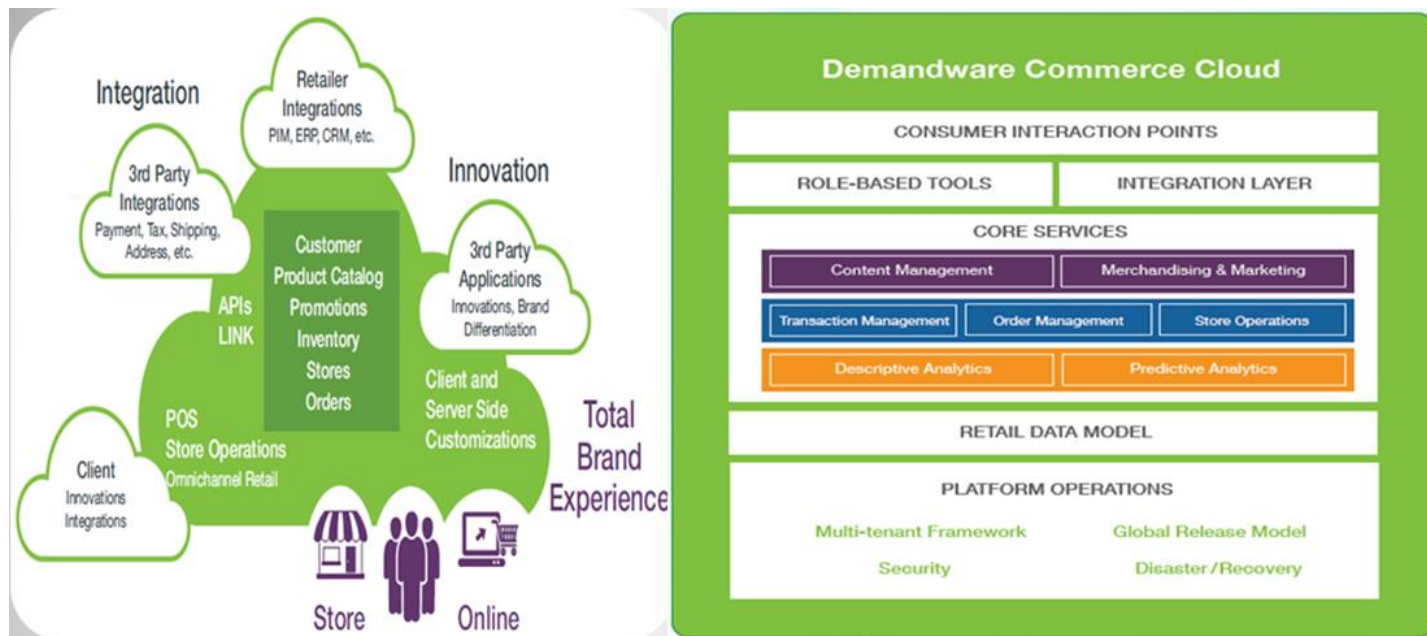


Figure 2: The Demandware Commerce Cloud Platform Architecture, and Comprehensive Point-of-Sale and In-Store Operations Delivered Through the Cloud

Source: Adapted from *The Demandware Commerce Cloud*, 2015 Demandware, Inc., pp. 7, 11, www.demandware.com/uploads/resources/Brochure_ProductBrochure_ENG.pdf

There is no doubt that the evolution of the modern retail trade in Romania will also continue to be spectacular, a continuous progress being necessary in what concerns adapting to the above highlighted trends, and developing a deeper understanding of the decision journey that the new shoppers undertake.

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