

Preparing to Go Digital

KNOW WHAT YOU NEED BEFORE YOU BUY

RETAIL LEADERS LIST PRIORITIES FOR INFORMATION TECHNOLOGY

- Automate processes and simplify operations across channels
- Operationalize data and intelligence to provide relevant and personalized interactions
- Simplify environment to remove redundancy and sustain margin
- Support new brand, channel, and geographic expansion with adequate technical and commercial scale

National Retail Federation, 2014

If you are thinking about how to enable your store operations to better serve the way customers shop today, you are probably considering a mobile, digital solution for your store associates. The right digital store solution can help you:

- Make the engagement between customer and store associate more satisfying and productive;
- Better leverage your inventory positions, e.g. with “endless aisle” and cross-channel fulfillment options;
- Maximize the use of your store foot print and real estate investments.

Every store operation is different. Product and brand considerations, geographies, markets, your strategic objectives all make for different retail landscapes and priorities.

Before you start evaluating mobile digital solutions, you should determine what you need most – and want to see – to improve your store operations for providing a superior customer experience.

This guide contains a series of checklists to help you do just that: think more broadly about the goals and challenges of your digital store initiative, and help you organize your priorities for:

- Richer product information;
- More personalized customer information;
- Better order processing;
- Seamless, secure checkout;
- More empowered sales associates.

Completing this guide will help you determine what you need to take the next steps in preparing to go digital. You’ll have specific criteria with which to evaluate your organizational readiness to move forward in transforming your store operations.

You’ll also be in a better position to develop the most cost-effective technology strategy for choosing a digital solution that best delivers on what you need and want.



“Engaging with the customer on the floor of a retail store allows the associate to better serve the needs of the digitally engaged customer. This imperative holds especially true for Generation Y and Generation Z segments, who are more likely to engage with sales associates who leverage mobile technology.”

Silverman, Adam, “A New Generation Of Clienteling,” Forrester, November 4, 2013, page 8

ENLIGHTEN CUSTOMERS WITH RICHER PRODUCT INFORMATION

Ultimately, updating store operations has one overriding business goal: to enhance and bring value to the customer engagement.

Today, “digitally savvy” customers challenge in-store retailing because they have surpassed our ability to provide information of value; they can easily find product information, competitive prices – and a whole lot more – online. To engage them successfully, you need to empower store associates with richer--preferably unique--information of value to the customer.

This entails far more than providing basic product specifications and pricing; it requires distinct knowledge and access to expertise to enable store associates to help customers determine exactly what they are looking for and how to best bring it to them.

Consider the kinds of product information and modes of access in the following checklist. Which do you have now—but want to improve? Which would you need (or want) to see in an improved store operation?

Checklist: Richer Product Information	We have this now but want it to be:	Need to have	Want to have
Basic product information (list price, brand differentiation and value proposition – what makes your product different)			
Means to access product information (scanning a bar code, optimized browser navigation, searching by product SKUs and keywords)			
Visual product catalogs on mobile device (enabling an “endless aisle” like experience)			
Deeper individual product content (specifications, available options, videos, online demos or “how to’s”, adjacent models and products)			
Integration of product information across all channels and potentially partners			
On-demand access to product specialists (in-store a/or remote via voice or video)			
Product configurators, visualization tools, size calculators, etc.			
Access to and sharing product reviews (customer recommendations, industry ratings, social media reviews)			
Promotional/Enterprise pricing (quickly updated and automatically recognized by device)			
In-store only product content, expertise, or pricing options			

PERSONALIZED CUSTOMER INFORMATION

In order to provide more personalized guidance, to become a customer's "personal shopper", store associates must leverage more information relevant to each customer. The potential is there now to combine existing Customer Relationship Management (CRM) data with in-store traffic flow, conversion rates, and mobile geo-location to provide real-time insight into customer behavior.

The challenge is to integrate information from different sources and extract useful guidance for the store associate. (And don't forget this can be a two-way street: customer in-store data – including that gathered by the store associates themselves – can feed other channels as well.)

Well-executed, personalized customer intelligence helps the store associate foster a relationship of more value to the customer. Such intelligence will help the associate close sales more quickly, help inform up-sell and cross-sell opportunities, and increase customer loyalty.

59%

of store associates say a tablet would help them provide better customer service.

Motorola Solutions, "NRF 2013: Rise of the Connected Consumer and Enabling Store Associates," January 14, 2013.

Checklist: Personalized Customer Information	We have this now but want it to be:	Need to have	Want to have
Basic customer identification (new or repeat, member of loyalty program, relevant demographics)			
Purchase history (view of the customer across selling and service channels)			
CRM customer data integration (preferences, sizes, style, brand, etc.)			
Customer surveys, focus groups, interviews			
Loyalty program data			
Customer online behavior data integration (website visits, social media usage, recent activity)			
In-store analytics data (conversion rates, traffic flow, video analytics, shelf sensors, location-based technology, low energy Bluetooth (BLE), e.g. Apple's iBeacon)			
Personalized pricing by device/customer (store associate leeway on discounts?)			
Automatic personalized, real-time upselling and cross-selling suggestions			

As many as **78%** of retailers believe implementing an order management system (OMS) would help provide a strategic omnichannel advantage, allowing them to reduce inventory costs and improve fulfillment efficiencies. However, less than half (49%) of respondents have invested in any form of order management technology.

Retail Touchpoints - "Cross-Channel Fulfillment Takes Priority Over Other Omnichannel Initiatives"
- 12/10/13

GETTING CUSTOMERS WHAT THEY WANT: BETTER ORDER PROCESSING

Fostering a deeper relationship with customers will also require store associates to have real-time information about broader inventory and order fulfillment, gleaned from across company channels (e.g. contact center services, fulfillment systems, etc.) and possibly service partners.

Better, more integrated inventory and fulfillment information access and management can provide benefits beyond enhancing the customer experience and increasing sales. Over time it can help you optimize product assortment, minimizing inefficiencies in inventory positions, allocation and shipping.

Checklist: Better Order Processing	We have this now but want it to be:	Need to have	Want to have
Visibility on inventory (in real-time, from in-store, nearby, shipped from other locations)			
Look up expected replenishment dates for out-of-stock items			
Reserve products to be picked up at nearby stores			
Fulfillment from other channels (bought online picked up or shipped from store)			
Add additional merchandise to a previously started web or mobile shopping experience			
Store based fulfillment operations (picking and packing, gift wrapping, post-purchase configuration....)			
Delivery service options: same day/next day local delivery, free shipping, return policy			
Visibility into order status (if third party what order tracking)			
Managed a/or integrated permissions for store associates to modify prices, access Personally Identifiable Information (PII), execute shipping overrides, etc.			

MEET CUSTOMER EXPECTATIONS FOR SEAMLESS, SECURE CHECKOUT

A more mobile, connected consumer means checkout now has to expand to mobile devices, but more than that, be integrated with other store information systems and work seamlessly across other sales channels.

“Retailers are starting to invest in new technologies and doubling down on omnichannel integrations that enable sales associates to access the same rich product and inventory information that consumers can access via their smartphones.”

Silverman, Adam, “A New Generation Of Clienteling,” Forrester, November 4, 2013, page 4

Checklist: Seamless, Secure Checkout	We have this now but want it to be:	Need to have	Want to have
Leverage existing payment options (from current website a/or POS systems): Visa, MasterCard, debit cards, pre-paid card, company charge card, etc.			
Alternative payment options (mobile credit card processing or other such as Square, GoPayment, PayPal).			
Support for newer contactless payment options: Host-card emulation (HCE), Mobile Network Operators (MNOs), Apple’s iWallet, etc.			
Physical payment: check to ACH conversion			
Infrastructure or partner compliance with international payment clearance, such as NACHA - The Electronic Payments Association rules, or SEPA End-Date Regulations			
Country specific payment options: For example, in China, Cash-on-Delivery (COD), China UnionPay (CUP) credit card and electronic fund transfer, eWallet options like 99bill, PayEase, TenPay			
Payment details and PII is encrypted and secure, in compliance with relevant governmental and industry standards (e.g. PCI-DSS, European Data Protection Act – and individual countries where required, SOC2, ISO 2700X, etc.)			
Complete purchases on customer’s behalf using secure, stored customer information			
Promotional/Enterprise pricing (quickly updated and automatically recognized by device)			

35%

of US online adults expect an associate with a mobile-equipped device to perform a checkout for them in the aisle.

Forrester, “A New Generation of Clienteling,” November, 2013.

43%

of all retailers have no customer experience skills testing. 2/3rds of leaders test for customer experience skills.

The 2013 Achieving Excellence in Retail Operations (AERO) study, A.T. Kearney

EMPOWER SALES ASSOCIATES FOR GREATER PRODUCTIVITY

One way to think of this new, deeper customer engagement is as a fundamentally new channel: the empowered store associate standing side-by-side with and guiding the customer during the sales journey.

The store associate will be a massively important hub in this integrated omnichannel world, creating meaning from data with the help of in-store technologies.

The previous checklists are focused on better management and use of information and what's needed to put that intelligence in the hands of store associates. But there are other, fundamental ways to help associates improve customer engagement, and company performance.

Handling more information and new applications will require training. And building what is effectively a new channel will require reworking incentives; most importantly, acknowledging performance that crosses sales channels, e.g. store associate completing an online order, or helping customers find merchandise at other locations.

There is also the management of change and measuring of performance. How does the store operations manager identify, sustain and improve what works?

Checklist: More Empowered Sales Associates	We have this now but want it to be:	Need to have	Want to have
Training modules: from brand differentiation to store procedures, policy and compliance (could be third party application on mobile device)			
Incentives for store associates to use new device and applications (accounting for cross-channel sales and fulfillment)			
Data monitoring: Are store associates getting the data they need when they need it?			
Formal processes for capturing store associate insights			
Store associate key performance indicators (KPIs); See KPIs below			
Replacement devices on hand at store ("retail hardened" or COTS)			
Replace inefficient siloed kiosks and other homegrown store associate applications			
Store/region key performance indicators (KPIs); See KPIs below			
KPIs aligned across online and in store channels (e.g. not just sales and sales growth but returns, demand fill rates, in-stock goals, shrink management, etc.)			
Change management policies for new initiatives			
Store Associate and Store Manager task management tools			

“But when you dig deep into what actually generates profits for today’s most successful retail companies, it turns out that they’re simply good at what great retailers have always been good at: the nuts and bolts of operations...They support field leadership with tools and processes to improve their decision making. They rely on, and seek insights from, front-line staff.”

“The 2013 Achieving Excellence in Retail Operations study”, A.T. Kearney, Inc., page 2

CONCLUSION

Physical stores still represent the bulk of revenues for the majority of retailers. There is no doubt the in-store experience needs and will adapt to changing customer behavior – influenced tremendously by ecommerce.

As some leading retailers recognize, this transformation holds opportunities to learn from and apply new technology and knowledge to optimize store operations. Much of this potential lies in enabling your store associates to improve customer engagement and increase revenue with a mobile, digital solution.

Use these checklists to help you think about the possibilities. Share them with your staff. Get their feedback and modify it for your unique environment and challenges.

Once you have a solid list of what you want your improved store operation to look like, you are ready to build your digital strategy. So your next question is: when you get the green light to implement some of these changes, will you be able to execute? Stay tuned for our next guide that will be focused on building your digital strategy.



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