



# IDC Retail Insights



## The New Shopping Experience



#IDCRetail





Outline of the eBook

Shadows and Lights of Retail Performance .....	3
A New Shopping Paradigm Has Begun .....	4
The New Shopping Paradigm .....	10
Contextual Customer Experience — What .....	11
Contextual Customer Experience — How .....	14
Rethink Retail Operation — What .....	17
Rethink retail operation — How .....	20
Ecosystem Collaboration — What .....	23
Ecosystem collaboration — How .....	26
Recommendations .....	10
Retail Commerce Platform .....	11
Next Action .....	14
Contactless Store .....	17
Appendix — Upcoming Initiatives .....	10
Retail Core Applications and Processes Survey .....	11
IDC European Retail Executive Digital Summit 2021 .....	14



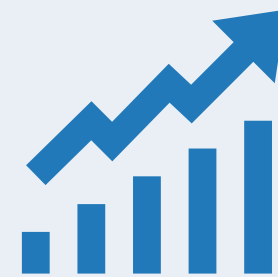
## Shadows and Lights of Retail Performance

### Gloomy headlines...

#### MailOnline

*"Retail sales slump by largest annual fall since records began as coronavirus crisis causes 1.9% drop in 2020"*

### ...but BUSINESS IS STRONG out there



- eCommerce: highest growth since 2008 (+46.1% in 2020 YoY)
- Grocery, household, department stores recorded record online sales increases

### A wave of retail closures...

#### The Guardian

*"Debenhams to close all stores with 12,000 jobs at risk as Boohoo buys brand"*

### ...but RETAIL IS FAR FROM BROKEN

- **Tesco** UK online sales +48.5%
- **Sainsbury's** Online sales/click & collect up 13-fold (+87%)
- **Inditex** Outstanding online sales growth (+74%)
- **Kingfisher** Comparable Sales +21.8% , ecommerce (+225.2%)



**76%** of retailers **investing in technology** to improve their operations



## A New Shopping Paradigm Has Begun



25%

of retailers focus on  
real-time **contextual  
customer journey**



Contactless-by-design,  
leveraging in-store  
technologies — IoT, AI,  
and computer vision



56%

of retailers are planning  
to innovate their  
business models by  
addressing their  
**partner ecosystem**



Supply chain sustainability  
and visibility are top  
priorities for retail  
executives



## Transform or Die: Retail Priorities for the New Shopping Experience

### EXPECTATIONS

**80%** of retailers will offer **contactless/scan** and pay in store by 2023

**66%** of retailers consider **customer experience** as a priority

**75%** of grocery ecommerce orders will be **picked up in store** by 2023

### REALITY

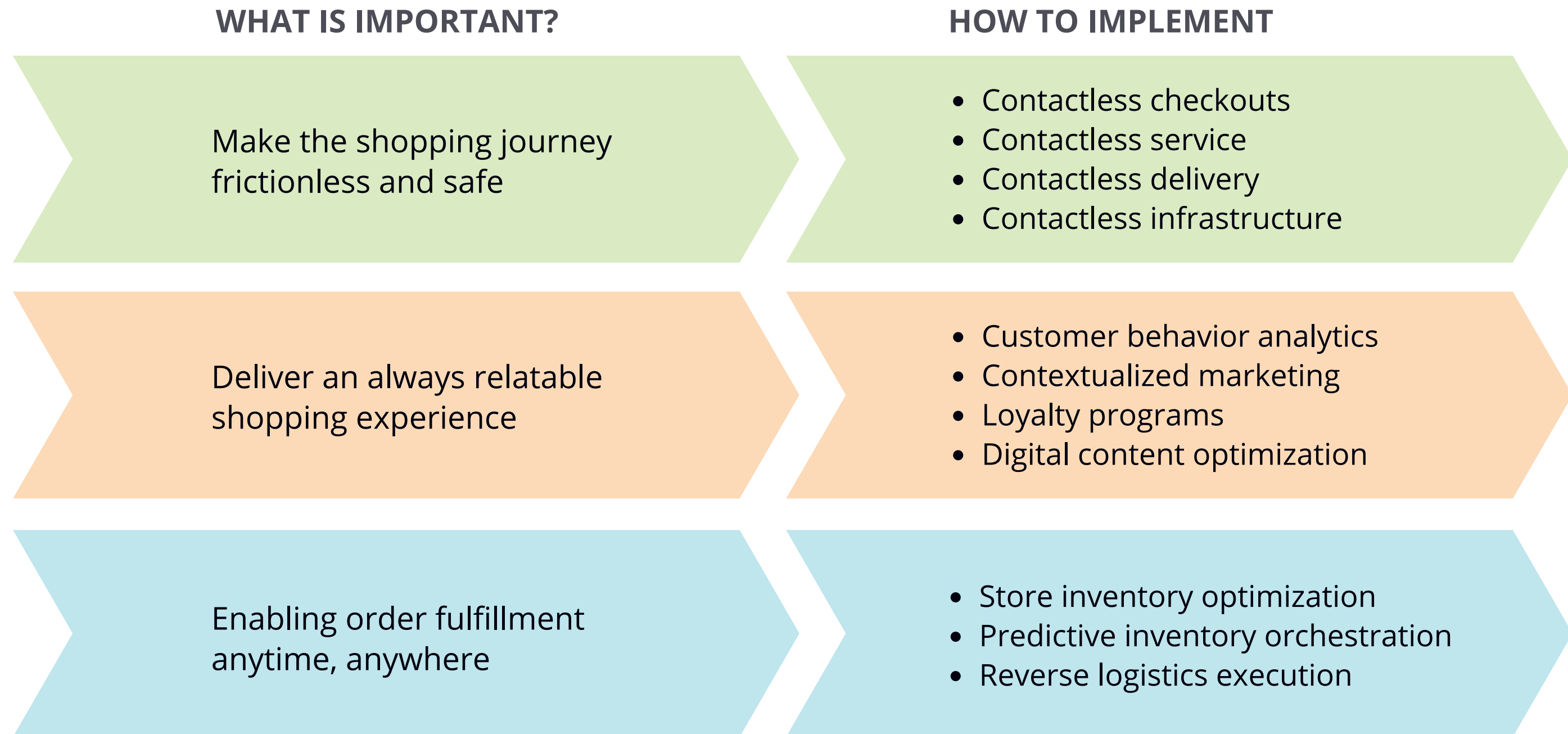
Only **8%** of retailers have implemented **automated checkouts**

Only **7%** of retailers implemented AI for customer experience **personalization**

Only **14%** of retailers use the **store as a fulfillment center**



## What Are the Opportunities in Retail?

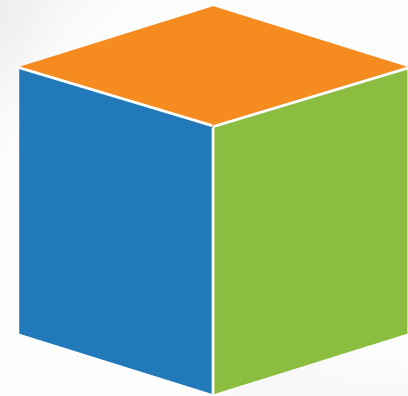




# The New Shopping Paradigm



## The New Shopping Paradigm



### Contextual Customer Experience

- Loyalty
- Real-Time Response
- Capturing Customer Behavior



### Rethink Retail Operations

- Contactless by Design
- Connected Engagement
- Distributed Logistics



### Ecosystem Collaboration

- Solid Co-Innovation Partnerships
- Open-by-Design Approach
- Cross-Functional Data Governance

The **new shopping paradigm** is a model that helps retailers navigate the retail environment in 2021. The model consists of three pillars:

1. **Contextual customer experience**
2. **Rethink of retail operations**
3. **Ecosystem collaboration**

The model highlights the importance of customer experience, operations and ecosystem collaboration capabilities that were once "nice to have" and have become indispensable for competitive retailers in the post-pandemic shopping environment.

## WHAT: Contextual Customer Experience



- Loyalty
- Real-Time Response
- Capturing Customer Behavior

**Contextual customer experience** is at the center of the model, with retailers expected to deliver always relatable interactions with customers through loyalty and real-time response, and by capturing customer behavior.

## HOW: Contextual Customer Experience



**Increase customer loyalty.** 23% of retailers that consider customer experience to be a key enabler of business model innovation over the next three years plan to evolve existing loyalty programs as one of the main areas of intervention to drive new revenue and increase KPI scores.



Provide a **real-time response** to customer demand. CX personalization is a top C-level priority for retailers that aim to innovate their business models over the next five years.



**Capture customer behavior**, preferences, and shopping history through first-, second-, and third-party data. By leveraging identity management and consent capabilities, Customer Data Platforms (CDPs) allow retailers to enhance customer engagement, driving overall satisfaction and increasing trust.



## WHAT: Rethink Retail Operations



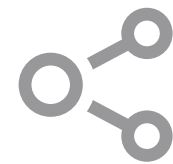
- Contactless by Design
- Connected Engagement
- Distributed Logistics

**Rethinking retail operations** in terms of contactless by design, connected engagement, and distributed logistics, is needed for retailers to deliver contextual customer experience and enhanced employee experience.

## HOW: Rethink Retail Operations



Develop a touchless, **contactless by design**, brick-and-mortar environment that leverages technology including Internet of Things (IoT), AI, and computer vision technology to remove friction in store operations and customer experience.

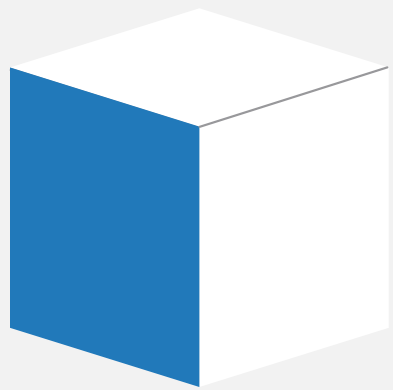


Create **connected engagement** through a digital, venue-agnostic shopper interaction that leverages customer data to create a bespoke customer experience.



Build a flexible, integrable, cohesive, and shared **distributed logistics** infrastructure that makes it possible to reach the shopper at anytime/anyplace.

## WHAT: Ecosystem Collaboration



- Solid Co-Innovation Partnerships
- Open-by-Design Approach
- Cross-Functional Data Governance

**Ecosystem collaboration** enables retailers to leverage the expertise and support of their partner network through solid co-innovation partnerships, an open-by-design approach, and cross-functional data governance to rethink retail operations with the goal of delivering contextual customer experience.

Source: IDC's 2021

## HOW: Ecosystem Collaboration



Establish **solid co-innovation partnerships** that span across other retail companies, CPG companies, hospitality companies, car makers, third-party logistics providers (3PLPs), utility companies, insurance providers, banks, healthcare companies, IT vendors, IT service providers, social media platforms, academia, and retail technology startups.



Implement systems with an **open-by-design approach**. Leverage open source software, open APIs, and cloud-based data architectures that can be easily integrated with third-party data architectures.



Set up a **cross-functional data governance unit** that oversees and coordinates data flows across shared applications.

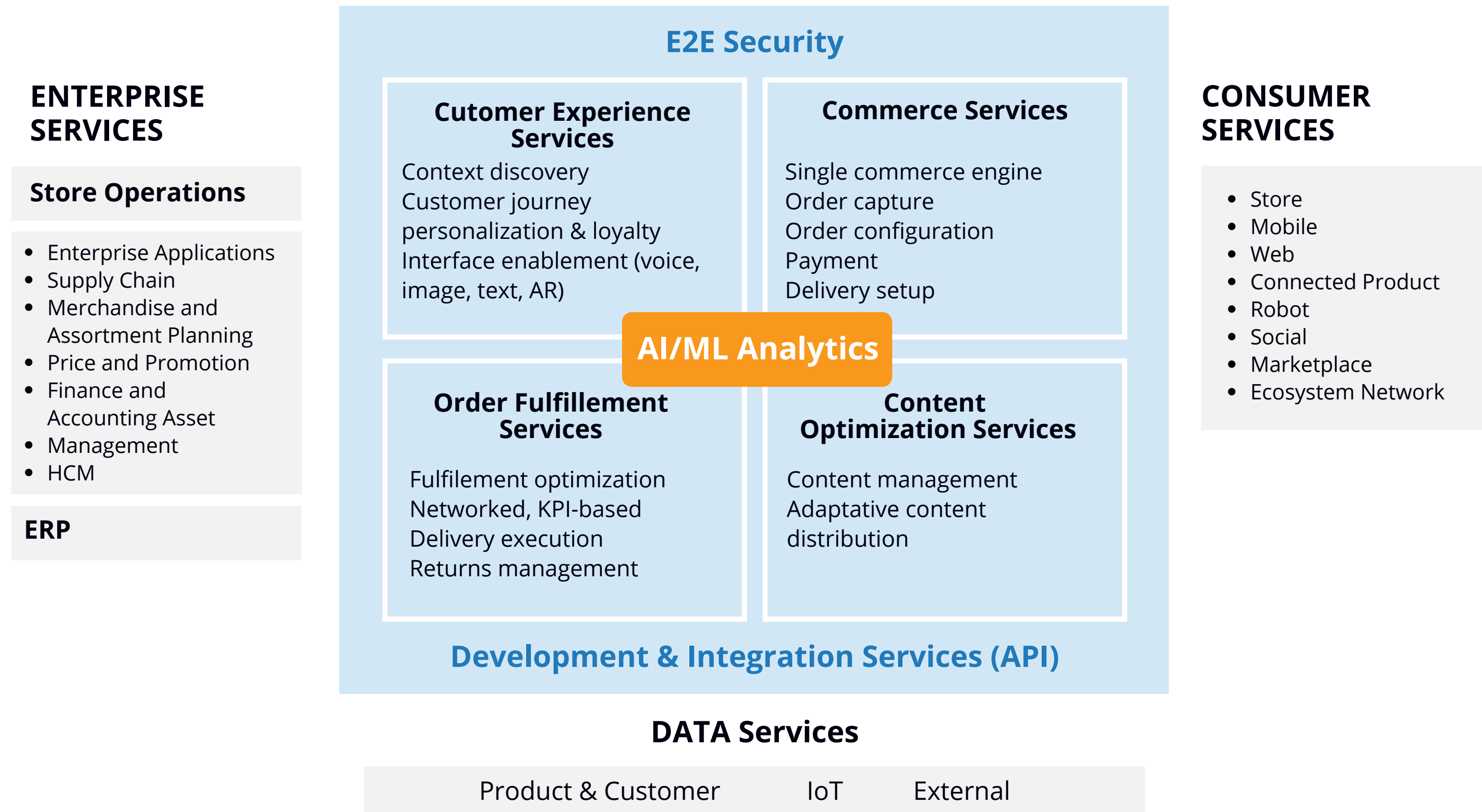
Source: IDC's 2020 Global Retail Innovation Survey, N= 602



# IDC's Recommendations



# 1. Implement a Retail Commerce Platform





## 2. Select Your Next Action



### Contextual Customer Experience

- Customer data platform
- Loyalty programs
- Identity management and consent
- AI and ML analytics
- Retail commerce platform
- Digital, in-store, at-home experience



### Rethink Operations

- Supply chain, inventory, and fulfillment
- New role of the store
- Contactless operations
- Customer data and loyalty
- Employee experience
- Sustainability



### Ecosystem Collaboration

- Co-innovation-focused
- Innovation management platforms
- Data flows governance
- Data valorization
- Open-by-design
- Shared applications execution

### 3. Move to Contactless Store





# Upcoming Initiatives



## IDC's 2021 Global Retail Core Applications and Processes Survey

- A new global survey that aims to understand in-depth **strategies, challenges, business use cases, applications adoption, and business outcomes** in retail core processes and the related maturity level
- 800 respondents across **21 countries**
- **C-Level** respondents with a focus on business roles
- **Value chain areas:** Supply chain, eCommerce, Store systems, Customer experience, Product merchandising and marketing, Employee experience, IT infrastructure and network, Enterprise back-office systems

### GEOGRAPHIES



- ASIA/PACIFIC
- U.S.
- EUROPE
- LATAM

### RETAIL SUBSEGMENTS



FOOD AND  
GROCERY



SPECIALTY  
RETAILER



EATING AND  
DRINKING



ECOMMERCE



FASHION  
AND LUXURY



CONSUMER  
ELECTRONICS

### RETAIL C-LEVEL



IT ROLES



BUSINESS ROLES



## IDC European Retail Executive Digital Summit 2021

### DELIVERING THE NEW SHOPPING EXPERIENCE

#### ***Sustainable supply chain, intelligent store operations, and evolving ecosystems to transform customer journeys***

Shopping is changing faster than ever. With ecommerce surging to 30% of total retail sales in some countries, shopping patterns are transformed and call for a unified customer journey to match the expectations of technology-savvy and time-crunched consumers. As retailers deliver customer experience in the different stages of the shopping journey — from inspiration, discovery, purchase, and fulfillment to after sales services — their brand equity, data security, and sustainability credentials become increasingly important to generate customer loyalty and trust.

The growing complexity of the shopping journey puts further pressure on costs in an industry already operating on tight margins. Transforming operations is far from simple and demands efficiency in the way the working parts of the retailer's ecosystem — processes, assets, people, partners, and products — are leveraged to increase lifetime customer value. In this context, partner network, customer experience, and cost structure will become the key business transformation priorities for European retailers over the next three years.



**#SaveTheDate** September 21

# THANK YOU



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