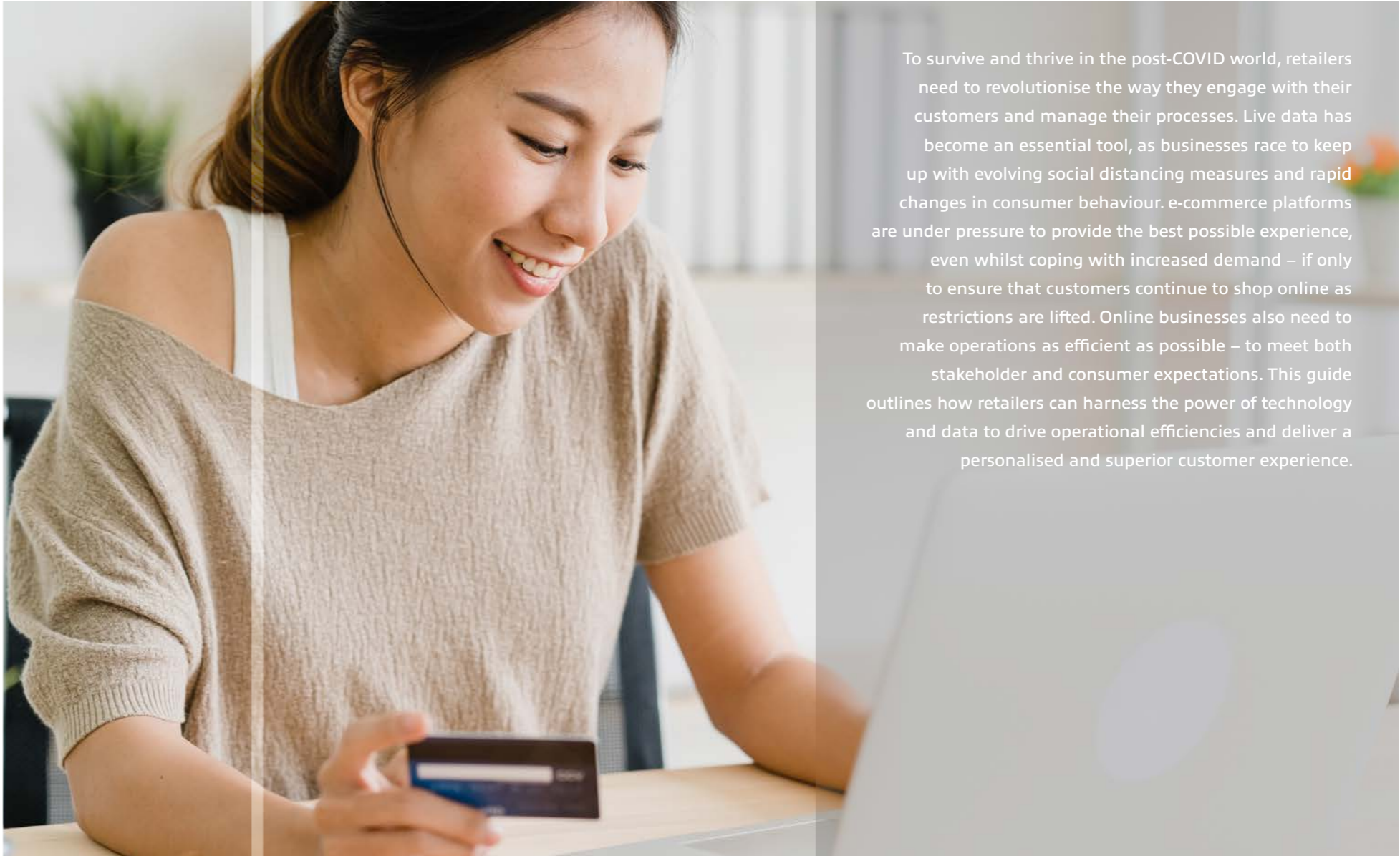


# 5 ways to succeed in retail in a post-COVID world



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01.

# Devise a robust data strategy

Knowing your customer is critical in an age of increasingly personalised interactions. Retailers have access to a wealth of data but using this data to gain valuable intelligence and produce a personalised experience for customers requires some focus.

## Understand your customer

Online retailers can use data to keep track of customer preferences and deliver a more personalised experience. Highlighting previous purchases or making smart suggestions (‘you might also like’ or ‘did you forget?’ for example), can both increase average order value and boost loyalty. Traditional bricks and mortar retailers can gather personalised information from loyalty card schemes and use it to send offers, anticipate customer needs and present customers with the right products at the right price.

Better still, combine both approaches to deliver an omnichannel experience. Use data to map the customer journey through in-store, online and click and collect purchases, and deliver offers and promotions that align with the way they shop. Italian luxury fashion retailer Ermenegildo Zegna uses an omnichannel strategy enabled by Microsoft’s Dynamics 365 for Customer Engagement platform<sup>1</sup> to create a highly personalised service based on individual preferences.

Understanding your customer is even more important in times of societal change – as we have seen since the start of the pandemic. The data we generate is multiplying year on year, but to create a successful data strategy, you need to manage that data so that you can use it to get answers to specific questions that will help you in the current situation.



## Optimise efficiency

In the fast-moving warehouse of a modern e-commerce business, demand can literally change minute-by-minute. Real time data feeds and machine learning can help optimise forecasting and ensure that items are always in stock ready to fulfil orders. Data and AI can also be used to plan the optimal choice and route of delivery vans to make the most efficient use of resources – taking into account driver availability, van size, traffic conditions and more. Combining these approaches is essential to ensure that customer orders are fulfilled quickly, without too many substitutions, and delivered on time.

## Put GDPR at the centre of your strategy

Customers are becoming more data savvy, so you need to build their trust and ensure they feel they are getting something of value in return for sharing their data with you. You can no longer assume a customer does not care about their personal data being used if it means getting a better deal.

You should carefully consider how you handle data – including collection, use and retention – to ensure your privacy and consent policies are fully GDPR compliant.

## Make use of third-party data

As a retailer, you should take advantage of available external data too. Using traffic data to plan the best delivery route is just one example. Some telecoms providers also collect and sell data from customers that use their public access Wi-Fi hotspots. This third-party personalised data can provide new avenues for you to explore and give you greater insight into your existing customer base.

## 02.

# Use AR and IoT to improve customer experience and upskill your team

Digital technology – including Augmented Reality (AR) and the Internet of Things (IoT) – can help retailers deliver a better shopping experience to customers who are unable (or unwilling) to visit bricks and mortar shops in person. Technology can also provide a better in-store service. Link the two together for an omnichannel experience that delivers the best of both worlds.

### Personalise the shopping experience

You can use AR to show customers virtual objects in a real-world setting. When people can't visit the shops, this functionality can be a real differentiator. The View Your Room feature on the Amazon app, for example, lets customers use their phone's camera to 'see' a piece of furniture in their own home. The Ray Ban Try On feature uses a magic mirror effect to show prospective buyers what the latest frames will look like on their face.

The Internet of Things, on the other hand, can revolutionise the in-store customer journey. Kroger, for example, America's largest grocery store chain, partnered with Microsoft to create a pair of hi-tech grocery stores<sup>2</sup>. Its smart technology system, powered by Microsoft Azure and connected by IoT sensors, allows customers to navigate the store using an app, or one of Kroger's existing Scan, Bag, Go terminals. The app (or terminal) guides shoppers around the store, and digital signs appear to help locate products. The system allows Kroger to collect personalised data just as easily as an online store, so it could easily be combined with an e-commerce platform to create a truly seamless omnichannel experience.



### Upskill your team – from anywhere

During lockdown, many businesses – including retail – have had to find new ways to complete familiar tasks.

Training – especially for complex procedures – can be particularly challenging when working remotely. AR can help here too. For example, when a leading US e-commerce business wanted to build new automated warehouses to deal with increased demand, it experienced delays because all the engineers with the right expertise were based in Europe. Insight's Digital Innovation team worked with the client to create interactive simulations, animations and 3D graphics to serve as step-by-step guides and delivered them to trainees through Microsoft Remote Assist and HoloLens 2.



### 03.

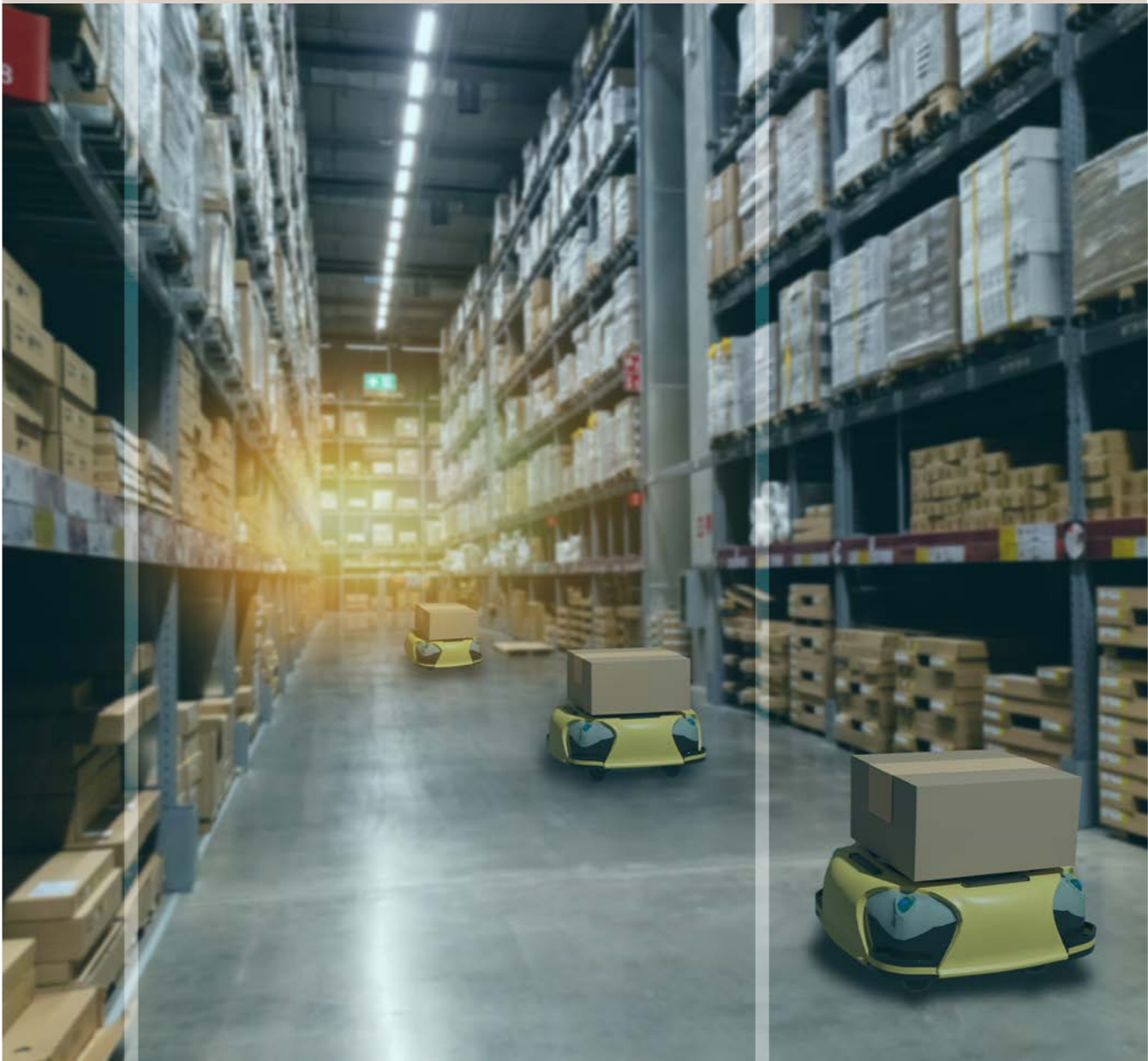
## Use AI to identify opportunities and improve efficiency

For bricks-and-mortar retailers, floorspace is your chance to showcase your product range and create an environment that will help your customers with their buying decisions as well as spark their interest in products they may not have previously considered. For online retailers, optimising the warehouse layout and efficiency is crucial to the smooth running of fulfilment centres.

#### Optimise retail floorspace

New advances in Artificial Intelligence (AI) are enabling retailers to analyse consumer shopping habits and make the best use of floorspace. A great example of this is Copenhagen Airport, which identified that congestion was preventing passengers from visiting certain retailers

whilst waiting for their flights. The airport used AI to re-design and reorganise its retail space, accelerating the check-in, baggage drop and passport control processes. This opened up previously congested areas, increased throughput, and boosted revenue and earnings.



#### Improve operational efficiency

AI can also improve operational efficiency for online retailers.

Ocado's automated warehouse on the outskirts of Andover, for example, could be seen as 'the ultimate floorspace optimisation'. Inside the warehouse, a grid structure is traversed by over a thousand robots, each of which is controlled by a centralised computer. The computer's AI 'brain' sends the robots criss-crossing over the grid to collect crates for the packers, ensuring optimal efficiency and, of course, avoiding crashes. Ocado's engineers also use digital twinning to create a virtual simulation of the grid so that they can constantly test new improvements and scenarios.

# 04. Centralise data security

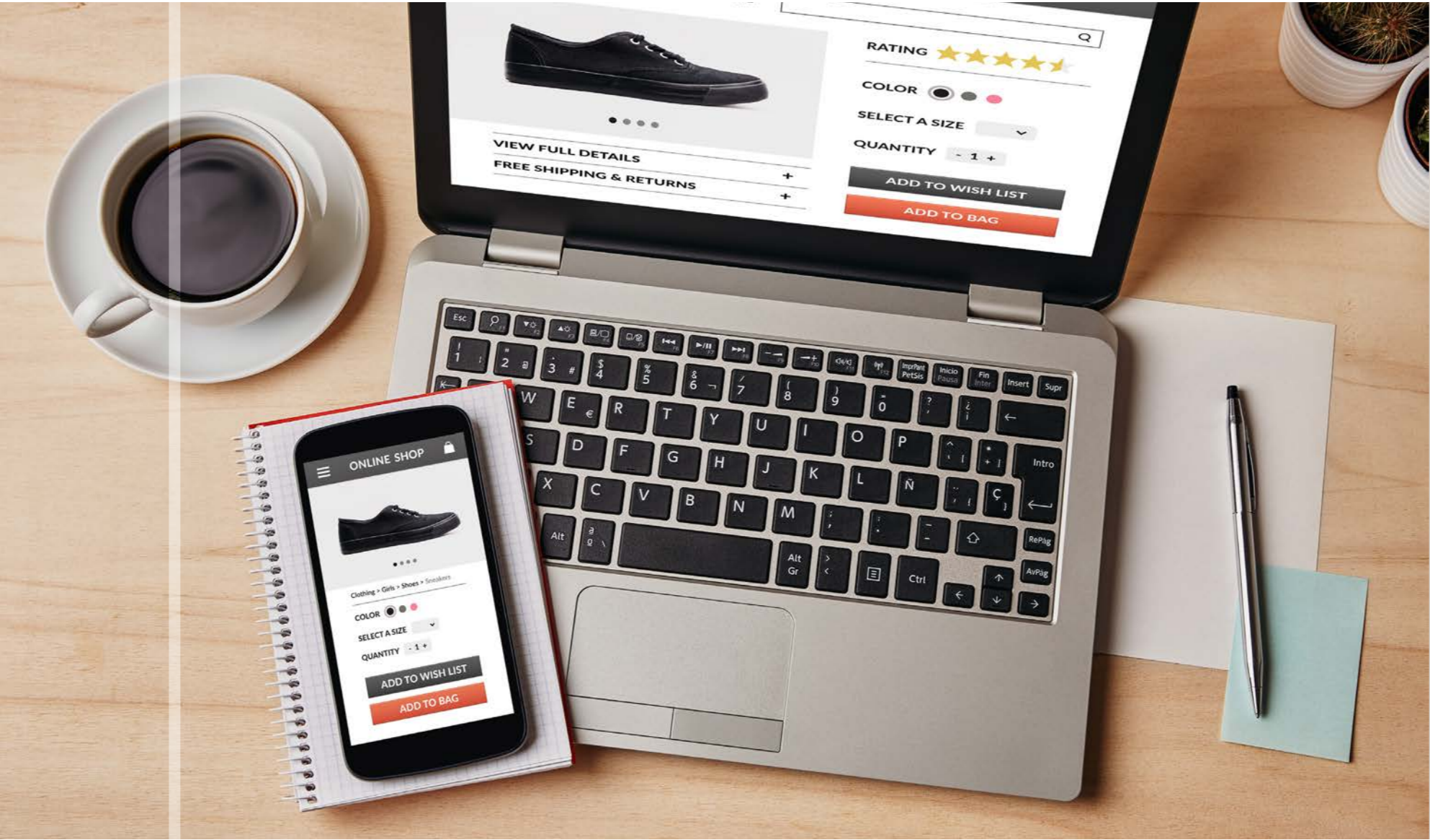
Security is not a new concern for retailers, but it is more important than ever in the post-COVID world. As retailers handle ever larger volumes of data, they become bigger, and more valuable targets. One of the largest data breaches in retail history took place when a group of cybercriminals forced their way into the private network of retail giant Target and started downloading the personal information of its customers. Approximately 110 million customer accounts were compromised.<sup>3</sup> The threat of a cyberattack is ever-present – and security should be central to digital strategy, not simply a bolt-on.

## Review your IT environment

You should review your IT environment to ensure you have robust solutions in place for your data storage, and a tried and tested business continuity plan in case of a disaster.

If your organisation is the victim of a data breach, it is now critical you have reliable processes and a plan in place to address it, in accordance with GDPR requirements.

Safeguarding your customers’ financial security is vital in the retail world, and key to building customer trust in your reputation as an omnichannel retailer in the digital age. As a starting point, you need to be sure that your data security meets Payment Card Industry (PCI) guidelines. Penalties for falling short of these guidelines can vary from £4,000 to £80,000 per month, with additional fines for repeat offenders.<sup>4</sup>



# 05.

## Keep pushing the boundaries

Almost one in two shoppers responding to a recent survey said that

“convenience was now more important to them than price in choosing which retailers they shop with”.

With customers increasingly opting for the convenient option and the fastest delivery service, retailers need to stay ahead of the competition – and that means pushing the boundaries of digital innovation.

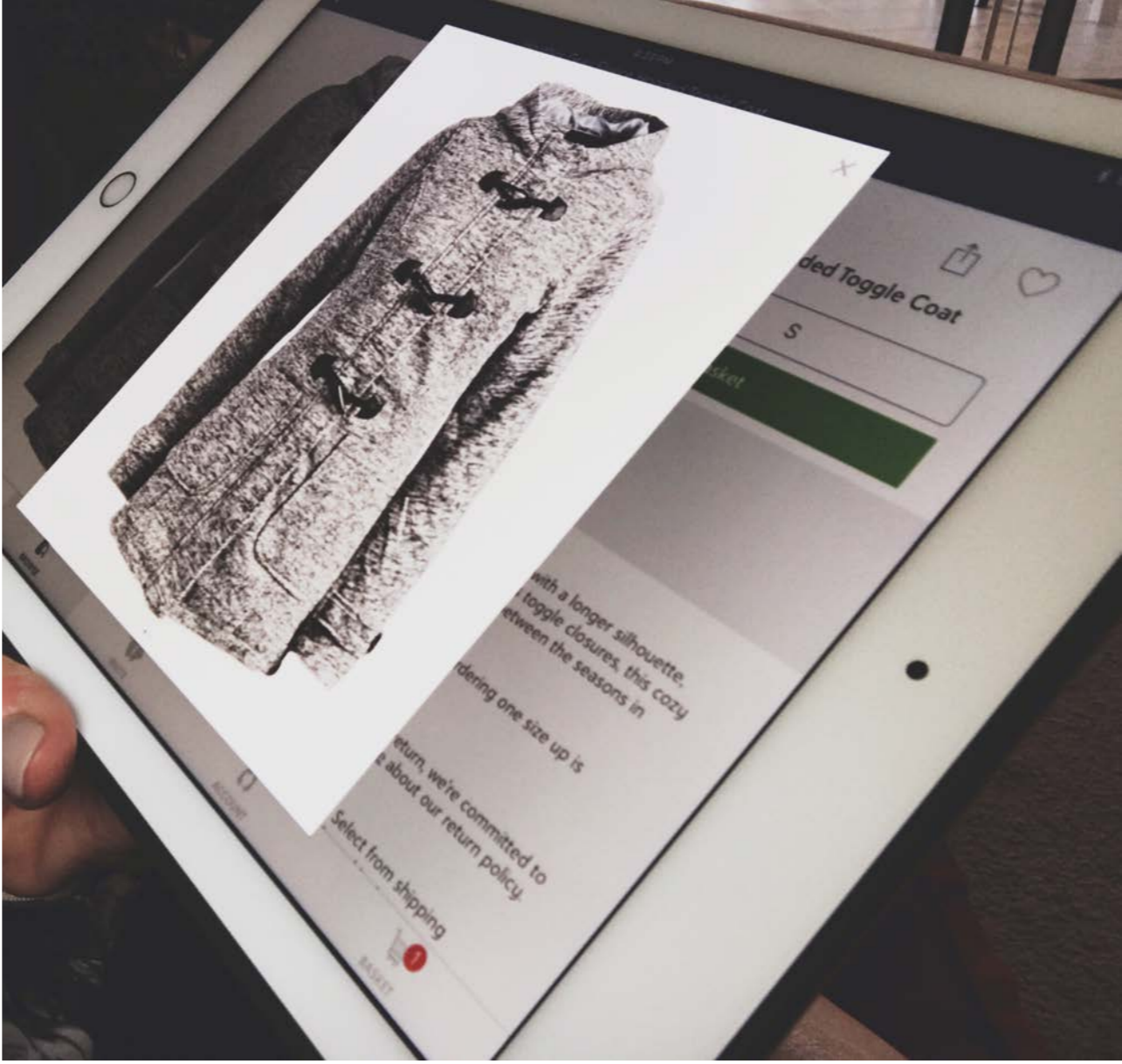
Businesses should not only maintain their current digital platforms, but continually aim to improve them. As well as having in-house developers dedicated to this role, businesses should encourage all staff to suggest improvements, and report on digital innovations they have seen while shopping elsewhere.



### Improve staff morale and efficiency

Digital innovation can also help employees perform to the best of their abilities. Giving your workers access to stock information, offers and prices will empower them to deliver better service to customers. A mobile app, for example, could enable them to access specifications, or information about products that customers have previously purchased, and respond swiftly and effectively to customer queries while moving around the store.

The US department store Macy’s provides a good example. The retailer gave its store managers Microsoft Surface devices to make them mobile, and Office 365 to give them access to information about products, stock availability and location. Store managers now spend more time on the sales floor where they are better equipped to support colleagues and assist customers.



## In summary

Even before lockdown, rising customer expectations, technological innovation and intense competition were driving retailers to embrace digital transformation. According to recent McKinsey Global Survey of executives, COVID has dramatically accelerated the process. In just one year, companies accelerated the digitisation of their customer and supply-chain interactions, and of their internal operations by three-to-four years.

Now is the time to take action and develop a digital strategy that integrates your technology and operations, to better serve customer expectations and improve employee efficiency and morale.

The next retail revolution is upon us, and retailers who do not take the opportunity to innovate will be left at the back of the queue.



## About Insight

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Discover more at [nl.insight.com](https://nl.insight.com).

<sup>1</sup> [news.microsoft.com/europe/2018/12/05/creating-a-digital-difference-in-retail-ermenegildo-zegnas-transformation/](https://news.microsoft.com/europe/2018/12/05/creating-a-digital-difference-in-retail-ermenegildo-zegnas-transformation/)

<sup>2</sup> <https://www.theverge.com/2019/1/8/18154802/microsoft-kroger-retail-partnership-digital-signs-image-recognition-temperature-sensor>

<sup>3</sup> [insight.com/en\\_US/learn/content/2018/02212018-retail-security-in-the-mobile-age.html](https://insight.com/en_US/learn/content/2018/02212018-retail-security-in-the-mobile-age.html)

<sup>4</sup> <https://gocardless.com/guides/posts/pci-fines-penalties/#:~:text=transactions%20per%20year,PCI%20DSS%20fines%20and%20penalties%20from%20payment%20providers,to%20the%20PCI%20Compliance%20Guide.>

<sup>5</sup> <https://retailtouchpoints.com/topics/digital-commerce/convenience-increasingly-trumping-cost-on-online-shoppers-priority-list>

<sup>6</sup> <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>