



Look Out Industry Trends Retail

From personalization to customerization

Reimagining retail for the new digital age

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Megatrends in retail: Creating next-generation experiences today



“Retailers can no longer afford to lag behind in effective exploitation of digital technologies. Emerging digital tools and data offer new ways to delight customers in their homes, at collection hubs and in stores.”

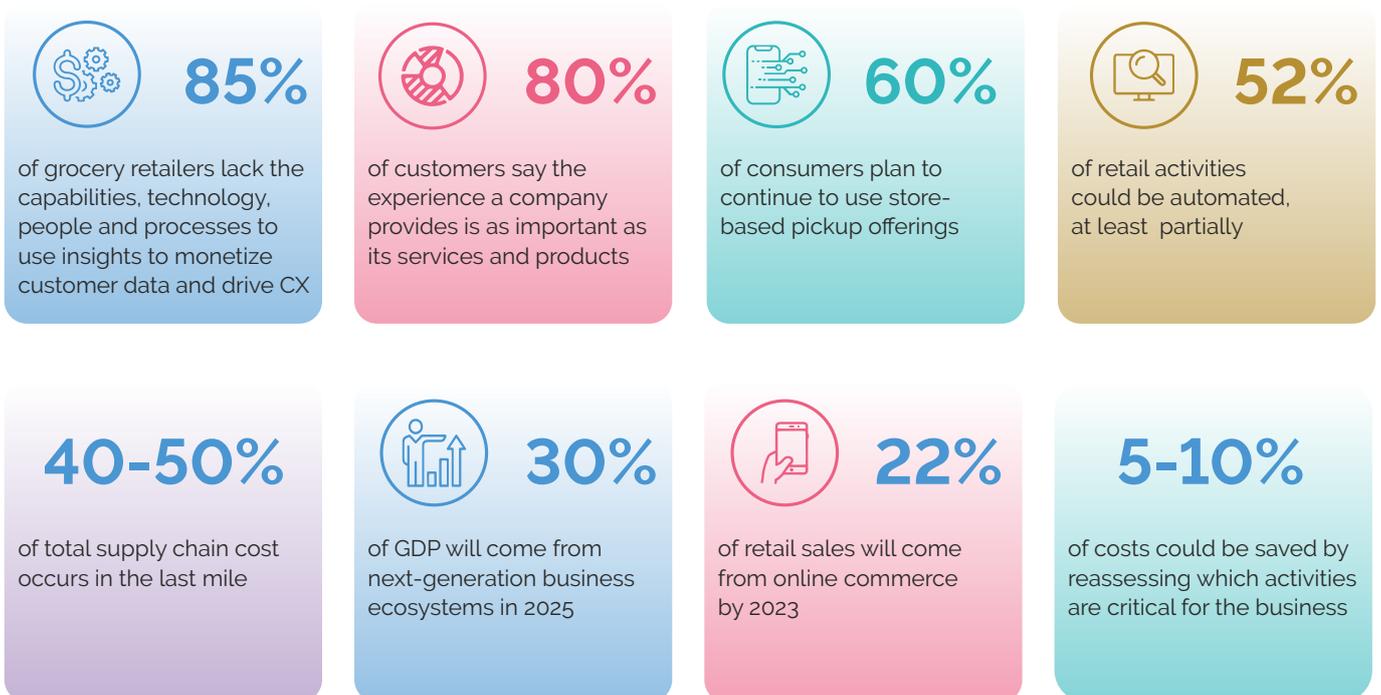
Guillaume Beuscart,
Global Head of Retail, Transport and Logistics, Atos

One of the many reminders of the last few years is that, in retail, agility is key. The shift from bricks to clicks has, of course, been massively accelerated during the pandemic. For the sector, it has been a wake-up call in terms of digital maturity: superficial or limited technology implementations have been shown to be no substitute for concerted digital transformation. Post-pandemic, there are new demands to ensure and maintain the confidence and safety of shoppers in-store. At the same time, consumers are looking to all their service providers to show progress on decarbonization.

Despite the rise of e-commerce, a focus on excellence of in-store availability and store experience is key, not least given the sustainability challenges around last-mile delivery. Granularity and flexibility of customer choice will be an increasing differentiator and expectation across all channels. The challenge is how to transform supply chains to ensure efficient operations and to ensure omnichannel competitiveness and brand loyalty at every stage of the purchasing cycle.

The future of retail will be shaped by an evolving blend of physical and digital propositions that optimize operations while enhancing every customer touchpoint. The opportunity now for retailers is to orchestrate a digital transformation strategy to modernize and adapt in a sustainable way as this exciting landscape evolves.

As recovery from the pandemic continues, digital resilience and flexibility of processes and supply chains remain critical.



Sources:
Businesswire.com
Salesforce
McKinsey
Atos & Here Survey

Three transformation challenges and opportunities for the future of retail



Moving from mass market to algorithmic B2Me

Personalize the customer journey to develop empathy at scale

Personalization has become possible through the power of data to give retailers actionable insights to build customer intimacy. This will evolve into hyper-personalization and 'customerization' – the one-to-one customization of communications (such as using social media to respond individually to complaints), experiences, products and services.

Richer, more immersive shopping experiences across all channels are critical differentiators. The use of gamification, to enroll shoppers and reduce customer churn, is growing – accelerated in part during the pandemic when companies were reaching for new ways to engage with consumers. This can be combined, for example, with digital signage inviting customers to scan a QR code.

Customers' path to purchase is often nonlinear. After seeing a product on Instagram, they may check it out on the website, touch it by walking into a store, then make their purchase later on their smartphone. With conversational commerce, they may even leverage digital assistants.

> Retailers must not only blend channels into a single safe, secure and frictionless shopping journey, they must definitively evolve a 'B2Me' multi-experiential strategy, putting a 360° contextual ubiquitous customer experience at the center.

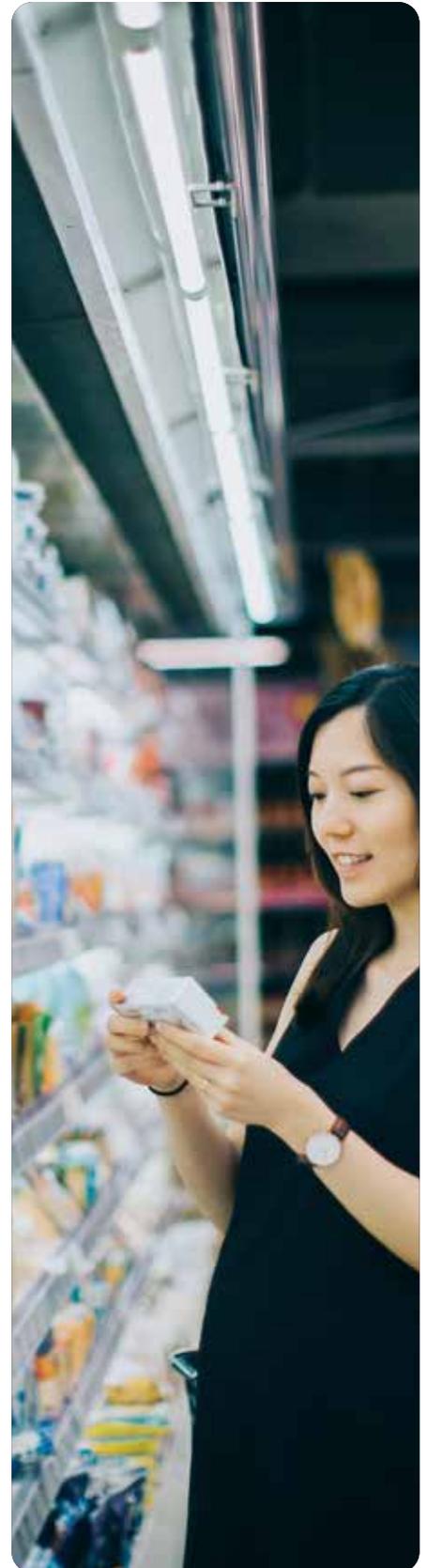
Develop innovative business models to trigger new revenue streams

Beyond personalized recommendations and sales, digital technologies enable personalized products, in other words customerization; some fashion retailers now offer individualized design, for instance. Digital platforms help retailers to develop additional services, such as loans or insurance, and to move from pure products to lifelong services with subscription or usage-based billing, and from top-down offerings to collaborative solutions.

This is disrupting value propositions and value chains. Digital giants are leveraging their huge communities to bring new offerings; manufacturers are attempting to 'disintermediate' their channels; and 'consumer-to-consumer,' 'sharing' and 'circular' economies are growing – particularly in response to climate change.

Against this shifting landscape, autonomous stores are emerging. For customers, the benefits are clear: they get a socially distanced, fast and convenient experience. For retailers they create access to new locations and new business models and partnerships.

> The challenge is strategic: Retailers need to rethink their positioning, alliances, supply chains and models in transforming ecosystems. Should they integrate backward to develop their own products? Must they move to subscription and 'as a service' models? Or move into a multisided marketplace?





Accelerating agility thanks to automation

By combining anytime and anywhere availability with breadth of choice and fast fulfilment options such as same-day delivery, Amazon has redefined the standards of excellence in retail.

Digital players are actively transforming their processes, not only to constantly optimize their prices based on real-time context, but also to enable an ultra-personalized marketing experience alongside customized on-demand supply, production and after-sales services.

The rise of artificial intelligence (AI) and robotics bring further advances, such as with connected vending, fully autonomous stores, or machine-to-machine purchases for automated refurbishing. These advances are increasing competition and driving new ecosystem platforms that provide multisided marketplaces and logistic innovations at scale with real-time optimized robotized warehouses, autonomous transport and even delivery drones.

With the mass shift to e-commerce, companies have risen to the huge challenge of vastly increased delivery volumes and changing customer demand. Consumers are looking for a high-quality, on-time delivery experience with low shipping costs. With logistical challenges, retailers need to understand and address what's happening along their supply chains for store availability and last-mile delivery.

> The evolution of intelligent supply and delivery chains will be a crucial differentiator for companies looking to retain the loyalty of customers ready to go elsewhere if their expectations aren't met.



Guaranteeing sustainability and trust

With competitors just a swipe away, trust is more vital than ever for retailers. The rise of connected things – whether with connected stores, wearables or smart products – multiplies vulnerabilities, which fraudsters, hacktivists and digital mafia will try to exploit.

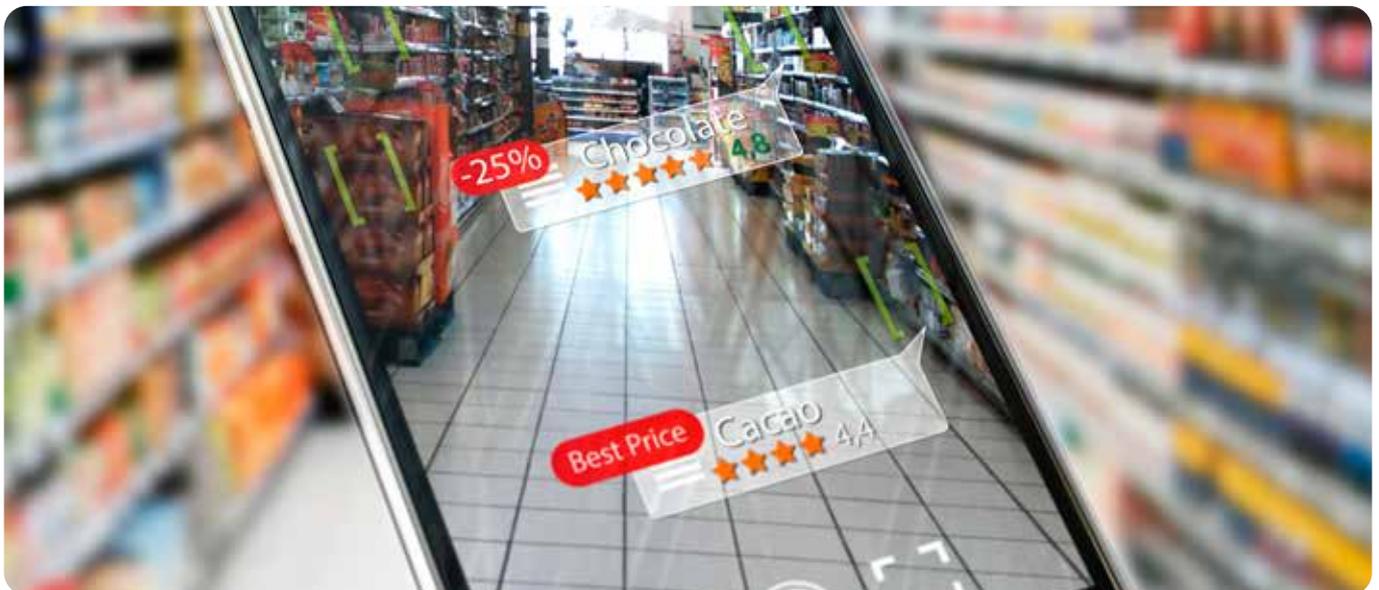
Major hacks have shown how devastating compromised security can be for retail sales. This also applies to the diversifying payment modes: from card, mobile, instant and P2P payments to cryptocurrencies. Strong privacy regulations such as GDPR only add to the constraint.

Measurable progress on net zero targets is of growing importance if the industry is to meet globally agreed targets and growing stakeholder expectations on decarbonization.

Increasingly globalized supply chains, plus growing regulatory and customer concerns around ethics and the circular economy, have made better traceability a growing imperative. More and more, guarantees in product origin, supply and recycling processes will be needed.

Last-mile delivery is a particular pain point. Intelligent supply chain technologies offer data-driven solutions for retailers and their delivery partners to lower carbon footprints.

> While some companies see trust and sustainability challenges as a constraint, others see how they can be transformed into a brand value and asset to bring customers confidence and transparency.



Building new platforms to lead next-generation ecosystems



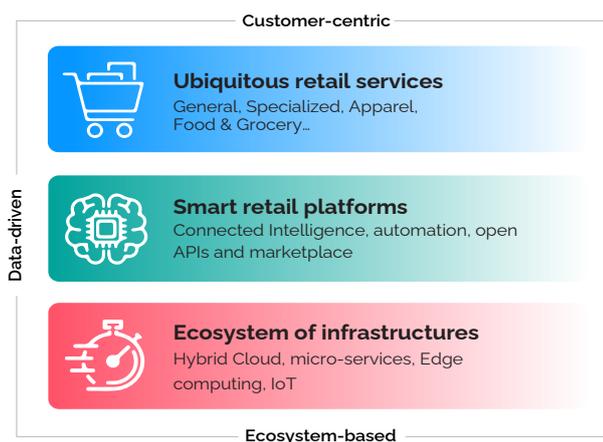
“Digital platforms bring retailers critical opportunities to leverage next-generation analytics, AI and robotics to offer individualized experiences, with a single real-time view of the customer. Innovative multisided marketplaces will become hubs for accessing all kinds of products and services, immersive experiences and subscription-based services that will help revolutionize retail.”

Terry Lobel,
Global Head of Consulting and Marketing – Retail, Transport & Logistics

Digital transformation is now a fact of life. The opportunity for retailers is to get back to the fundamentals of their business and their industry, with digital tools and data as critical enablers to achieve their ambitions at pace.

Creating the retail platforms of tomorrow

Moving from siloed to customer-centric, ubiquitous algorithmic retailing requires strategic change.



Bringing legacy models into the digital era

Today, mobile and all types of wireless technologies track every move and preference of billions of customers and objects, turning customer management and logistics from an art to hard science. All this puts additional stress on traditional retail information systems. Usually built over years, these are all too often siloed between supply chains and channels.

Retail players have been implementing modernization programs for years. These have brought in innovative approaches and models, such as sales drives, click & collect, locker pick-ups, autonomous stores and after-sales connected services.

But retailers now face competition from innovative players leveraging the full power of the cloud, robotics and the latest analytic technologies. The rise of multisided, data-driven mega-platforms built by players such as Amazon, Alibaba and others demands retailers' modernization programs go significantly further.

Preparing for a paradigm shift

Adapting to the new era requires a quantum leap to a fully customer-centric, data-driven, ecosystem-based design. As retailers evolve their omnichannel strategies in response to changing expectations and demands, a new balance between digital and physical operations and experiences will take shape along the customer journey. Crucially, the physical store must offer what online commerce cannot: it must develop as a place of experience (and pleasure) around a retailer's brand and products. For established retailers, the challenge is finding the right position in the ecosystem for each market segment, while balancing legacy initiatives with new models and partnerships. To embrace the opportunities of this hybrid digital and physical world, three core actions will be essential for retailers:

- **Deliver ubiquitous customer engagement** to boost 360° customer intimacy and generate new revenue streams. Multichannel touchpoints, unified customer experience and value-added services platforms will help orchestrate a seamless O2O experience along the entire customer journey.
- **Ensure fast supply & delivery** to meet new customer expectations such as product personalization and express delivery. Intelligent products, supply & resources management, smart warehouses plus innovative last-mile delivery systems will help with adapting to meet customer demands anytime, anywhere in a fast, cost-effective and sustainable way.
- **Guarantee trusted purchase & compliance** to provide simple retailing services with total trust. This should notably leverage next-generation point of sales technologies, and the latest fraud, compliance, sustainability and data ownership management solutions.

Across all services, the modernization and additional securitization of data platforms and infrastructures must enable legacy systems to be brought into the new era. It will help with building core retailing systems that are able to interoperate with and attract the largest ecosystem of partners to enrich the offering and monetize data.

The road ahead

To thrive, retail companies will also need to create the right partnership and convene the largest ecosystem to enrich their offerings and services. Retail players should begin building their new architecture today. Modernizing legacy and fully embracing the latest cloud, automation, AI, Internet of Things (IoT), immersive experience and payment technologies is only the start of the journey.

10 strategic transformation initiatives that will shape the future of retail

New payment models

Instant and mobile payments, with digital wallets providing additional payment options, queue-less and smart payment using automated check-out technologies and frictionless / contactless payment options.

Customer digital commerce platform

A customer digital commerce platform provides a single view of each customer's data across all channels for better targeted customer engagement, for example using AI, advanced analytics / data analysis and blockchain technologies. Retailers can use this to build their own marketplace, integrating loyalty management, automated marketing and contextualized real-time pricing.

Extended sales channels

Emerging technologies foster new sales concepts such as Conversational Commerce (with chatbots, smart speaker apps, voice bots), Social Commerce and Live Commerce (via shoppable videos, progressive web apps), and Unified Commerce Ecosystems (supported by visual product search). They also drive new business models such as subscription services.

Automated delivery

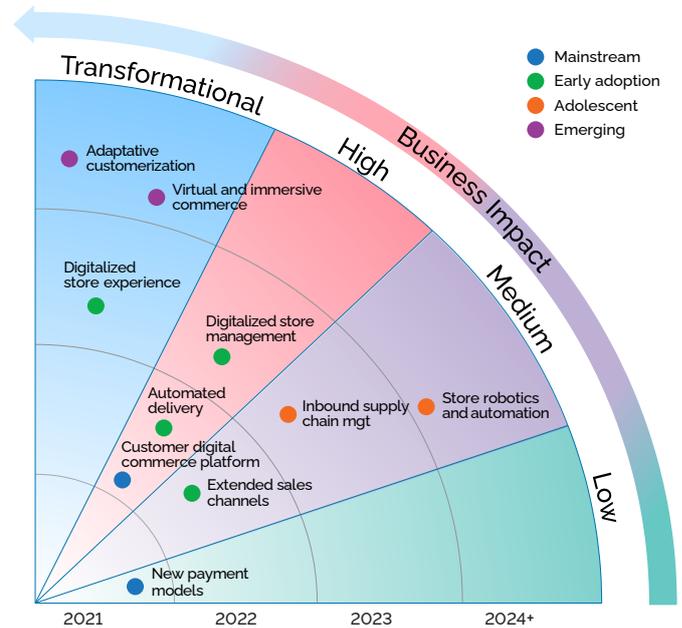
Distributed fulfilment and order management combined with IoT and AI enables the automation of delivery. Innovations such as same-day delivery and pickup/return lockers are already a reality; newer technologies such as home delivery robots are under evaluation.

Digitalized store management

Digitalized store management uses intelligent virtual store design and digital twins to create virtual stores that enable automation and control of store operations, including digital asset management. Store analytics and smart shelves increase availability of goods and improve stock management.

Digitalized store experience

Customer-facing store technologies use IoT, edge computing, computer vision, AI and data analytics to drive new seamless customer store experiences with smart machines, micro-fulfilment centers, autonomous stores or pop-up stores. Store virtualization and smart shelves increase the availability of goods and of easy payment options.



Inbound supply chain management

Intelligent supply chain and warehouse management technologies transform supply chains to become transparent and flexible, with better track-and-trace using blockchain, radio-frequency identification (RFID) and IoT, with AI, advanced analytics / data analysis and machine learning.

Store robotics and automation

Digital store technologies automate store operations, for example in-store robots and dark store automation, using IoT, AI, machine learning and computer vision.

Virtual and immersive commerce

New and innovative virtual and immersive shopping experiences are enabled by augmented and virtual reality, combined AI, advanced analytics / data analysis, algorithmic retailing and recommendation AI.

Adaptive customerization

Adaptive customerization is an advance in customer personalization, from individual customer engagement and recommendations through to individualized 3D printing. Using technologies including AI, advanced analytics / data analysis, machine learning, algorithmic retailing, recommendation AI, computer vision / visual search, and IoT for data capture in-/ outside the store.

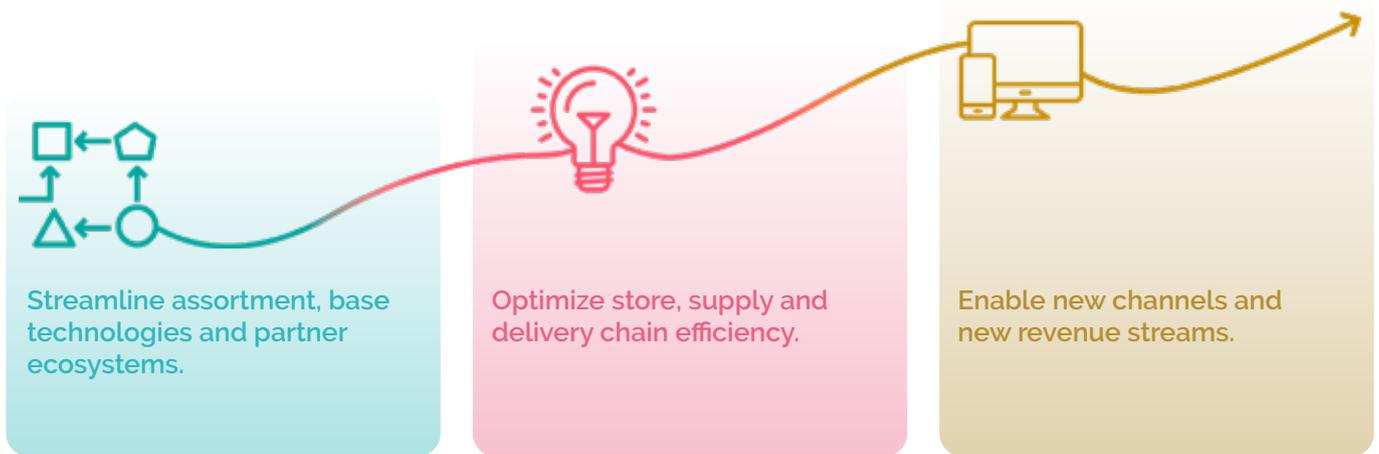
Creating your own transformation journey

With all these changes converging at once, you must steer your retail business forward. Faced with rapidly advancing technology and a disrupted global and retail landscape, the question you will be asking is not 'why change?' but 'which direction?' and 'how?'.

The most important step is figuring out the role you want to play within next-generation business ecosystems. There are several possible positions, each

with its pros and cons. Do you want to focus as a category killer? Do you wish to become your customers' overarching provider and build a multisided platform of your own? Do you prefer to join an existing marketplace? Don't confine yourself to one part of the business; consider transformation across your organization and out into your supply chain.

Having made that strategic choice, you must next design and orchestrate a journey of holistic, progressive and continuous transformation, combining people, organizational and technology streams at all levels and across your organization. Your journey requires a digital transformation strategy and roadmap; the transformation initiatives highlighted previously can support a three-step approach, with phases that can be undertaken simultaneously.



"Throughout these streams, an open approach to innovation, such as the Digital Business Continuum and the '[Journey 2024: Redefining Enterprise Purpose](#)' best practices developed by Atos, will be paramount to success. In an ecosystem world in which startups appear and spread at internet speed, openness is the best way to capture collective intelligence. As retail players strive to transform, open innovation labs – such as the [joint Atos and Google Labs](#) – and [Atos startup accelerator](#) will provide an ideal environment for bringing new ideas and new concepts to life – and creating ubiquitous B2Me retail services for tomorrow."

Where should you begin?

As the Trusted Partner for your Digital Journey, serving today multiple players among the world-leading retail companies, Atos can help.



ENGAGE in a co-innovation workshop at one of our Business Technology & Innovation Centers.

Get off to a quick start with a personalized workshop. Ask for a meeting:
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