A Digital Transformation Report:

# 5 Emerging Trends in the Retail Industry

# Radically Rethinking an Industry

In many industries, the impact of digital technology is still in its infancy. In retail, however, digital is already fuelling enormous change. New technologies are continually redefining processes, creating efficiencies, and improving customer experiences, significantly boosting the bottom line for retailers as a result.

**55% DIGITAL**

*According to Forrester,[1] by 2021, 55% of European sales will involve digital touchpoints, whether through direct digital transactions or digital influence on in-store sales. Mobile, meanwhile, will influence more than a quarter of retail sales in the same timeframe.*

The transformative impact of digital technology in this sector is significant and shows no signs of decreasing. According to figures from Statista, global retail e-commerce sales will hit US$4.88 trillion in 2021. In the U.K., Statista's Digital Market Outlook predicts that business-to-consumer e-commerce revenues are expected to rise 16% — from £98.4 billion in 2019 to £114.5 billion by 2022 — as consumers continue to switch more of their spend to online purchases. The average annual e-commerce spend per consumer is expected to grow by nearly 10% to £2,274 by 2022, according to Statista.

The retail industry can't afford to ignore the tremendous effect that digital technology is having on the traditional business model. According to Forrester, by 2021, 55% of European sales will involve digital touchpoints, whether through direct digital transactions or digital influence on in-store sales.[1] Mobile, meanwhile, will influence more than a quarter of retail sales in the same timeframe.

Some "pure-play" (digital only) retailers — especially giants such as Amazon — are setting a high bar for customer experience by enabling seamless and personalised shopping and purchasing experiences, easy deliveries and returns, and more. "Thanks to these hyper-engaging online shopping experiences, customers are demanding the same sort of frictionless experience from traditional retailers," says Erica DeMeerleer, an industry expert at Smartsheet. "For those retailers, it can be very difficult to adapt, but adapting is critical to their survival."

Digital retail is now centre stage, and retailers have to find new ways to engage and retain customers or risk becoming irrelevant. For the rapidly evolving retail industry, five key areas are emerging that offer the biggest opportunities for digital transformation.

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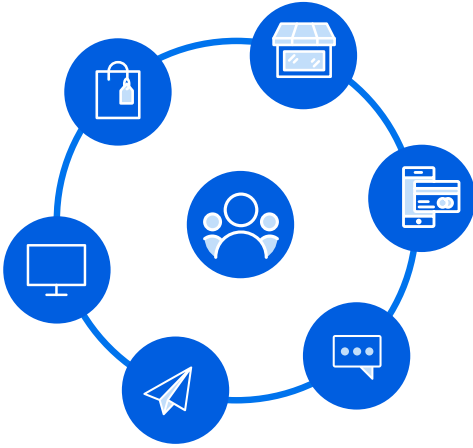> —Erica DeMeerleer, retail industry expert at Smartsheet
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1. Forrester, 2018: "Digital Influences over Half of In-Store Sales in Europe"

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# The Omnichannel Imperative

Retail customers have enormous choice in where and how they shop, and retailers have an enormous challenge in rising above the noise to provide a shopping experience that delights, engages, and retains customers. Providing a seamless customer experience — from brick-and-mortar locations to online stores, and across email and social marketing campaigns, television and YouTube ads, and physical billboards — is increasingly critical. More and more, customers expect to interact and shop with retailers when, how, and where it suits them best.

Delivering on these demands requires retailers to take an omnichannel approach to marketing and fulfilment. "Physical retail has its strengths, just as e-commerce has its strengths," says Heikki Haldre, chairman of The Future of Retail Organisation. "What is clear is that both channels require ongoing investments into implementing new innovative technologies and systems." To enable fulfilment of online orders through stores, for instance, retailers need technology that enables a single view of inventory so they can better allocate product across channels. A single view of customers allows retailers to better capture — and exploit — learnings about their journey across channels. For example, by capturing details at the till point, they can better track offline behaviour and then serve up online marketing that feels personalised. If retailers understand how, when, and where their customers are using one channel, they can better market to them across all channels to increase satisfaction, loyalty, and spend.

The time has passed when companies could optimise individual channels based on business needs without taking the overall customer experience into account. Customers don't want to be targeted or marketed to in isolation of the channels they are using, but instead expect a consistent and seamless brand experience. This means being able to shop online while in-store, accessing endless aisles of merchandise, or returning goods bought online in-store. It means customers getting the same discount advertised online whilst in the brick-and-mortar store and being able to see their most recent in-store purchases reflected in their shopping history online.

U.K. retailers can't afford to maintain the old silo models that have dominated in the past, but instead need real-time visibility into what the whole business is doing, across every customer touchpoint. A new era of collaboration among retail teams has emerged, with employees working across functions and platforms to understand and address customer needs — wherever they are and at any stage of their customer journey: online or in-store, at browsing stage, or ready to buy.

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## Make Technology Work for You

**Enable cross-department collaboration**. The omnichannel model can be especially tricky for traditional retailers, which tend to have departments that operate in silos. The challenge lies in fully integrating everything: marketing, inventory, fulfilment, product planning, and more. Allowing employees across departments to better work together to understand each other's strategies, plans, and goals is vital in delivering the unified customer experience that shoppers now require.

Providing real-time visibility can help collaborators respond quickly to changing conditions. For example, a marketing team sharing updates about promotion performance can help an operations team account for proper inventory levels so customers aren't frustrated by out-of-stock messages. A customer service team can alert quality assurance colleagues about red-flag customer feedback. This type of collaboration is crucial to success in today's hyper-competitive retail world. Empowering employees with cloud-based technology that enables them to collaborate in real time and gain a holistic view of activity across customer touchpoints can transform any retail organisation.

**Plan a comprehensive omnichannel content strategy**. Much of the brand experience that customers now demand is driven by marketing strategy to get shoppers into the store or shopping online. But this has moved beyond simple marketing and advertising campaigns isolated to channels; it's now about seamless communication across multiple channels to maximise exposure. Social media campaigns need to complement website campaigns and email. And in a world where useful content — rather than just sales messages — is increasingly important, brands that implement an integrated content strategy are best positioned to earn and retain customer loyalty. Giving these teams effective tools to plan, track, and report on content and marketing initiatives is crucial.

## Before You Buy

**Pick a powerful platform**. Digital technology in the emerging collaborative work management category can help. Cloud-based platforms such as Smartsheet can empower retailers to plan omnichannel marketing strategies and collaborate with stakeholders across their business and externally with vendors, partners, and agencies. Dashboards give marketing teams a real-time view of combined efforts, so everyone can see the status of work and act on the most current information. The right technology will also enable retailers to easily generate reports that give executives a clear view into critical metrics. Smartsheet makes it easy for retailers by providing free templates for building these workflows, including a content calendar and PR activity monitoring sheet. "Retailers love templates because they're quick and easy to use, and they don't have to reinvent the wheel," says DeMeerleer.

**Choose something that's easy to use**. Look for technology that anyone can learn — without help from IT. "Most retailers are very used to using Microsoft Excel," says DeMeerleer. "But they also want to be able to collaborate without emailing spreadsheets back and forth, and they want easy-to-use, intuitive tools — without having to write code." Smartsheet makes it easy for retailers to import existing data from Microsoft Excel, Salesforce, and other business apps, so they don't have to switch between tools while working.

## Trend 2:

# Redefining Customer Engagement

Online retail was once considered the death knell for High Street stores, since it offers a cheaper way to access and serve customers, with lower overheads, larger inventories, and none of the physical constraints of stores and traditional retail models. But in a growing number of cases, the effect is quite the opposite; many pure-play retailers are realising the benefits of launching a physical presence. Case in point: Amazon's multiple physical store formats, beginning with Amazon Books, which launched in the U.S. in 2015. Additionally, the new Amazon Go convenience store format is now open in multiple locations across the U.S. and the U.K.

"The physical store is certainly not dead, otherwise Amazon wouldn't be building them," says Michelle Beeson, an analyst of e-business and channel strategy at Forrester Research, speaking at the IRX eCommerce Expo in 2019. Instead, she says, traditional stores are evolving to new models — from "experience centres" (where merchandise is sampled and ordered for later receipt) to mini distribution centres to models that connect both online and offline experiences more coherently.

As previously pure-play retailers embrace physical stores, traditional retailers are reimagining their existing portfolios — enhancing locations with new in-store services and technologies such as click-and-collect points, augmented-reality dressing rooms, self-check kiosks, and mobile checkout. These innovations enhance the in-store experience at every step of the customer journey, from browse to purchase.

When a customer can easily scan a barcode to access product information such as ratings and reviews, it can significantly influence the buying decision. London-based furniture retailer Made.com offers barcode scanning in its three U.K. showrooms, and also enables online customers to video chat with in-store assistants to find out more about how a product looks and feels. In Swedish retailer IKEA's new "small footprint" stores, which launched in spring of 2019 in Australia and are planned for the U.S., customers can book appointments in private rooms for design and planning sessions, and then order goods to be delivered, rather than hauling them home from the warehouse themselves.

## Make Technology Work for You

**Effective event management**. Some retailers are already moving to become experience centres, where the focus is as much about in-store events as it is on what is sold. In-store events can be extremely effective at boosting both customer loyalty and frequency of visits, as well as revenue. Activewear brands such as Lululemon and Sweaty Betty run free yoga and running classes to help better engage their customers. Retailers such as the John Lewis Partnership promote a range of in-store events including fitness and gardening classes. And at Waitrose & Partners, in-store supper clubs showcase not only its products but also relationships with the local chefs who host the events.
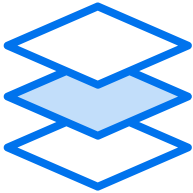
An active calendar of in-store events — particularly if tied to retailers' loyalty programmes — can help boost footfall and customer interest, enabling retailers to track sign-ups and manage capacity. A cloud-based collaborative work management platform such as Smartsheet can enable teams to track the many moving parts of an event, giving everyone real-time insight into task and budget status, and providing centralised access to important information via dashboards. Retailers are able to easily assess and report on the impact of such events by rolling up results into summary reports, saving countless hours producing spreadsheets and processing data.

**Coordinate store openings and revamps**. As retailers revamp, renovate, and reprioritise stores, effective management of all the different parties involved is crucial to keep store openings or relaunches on time, on message, and within budget. The right technology can give subcontractors and retail departments from different companies a way to securely collaborate in a single environment and get a holistic view of project status, with clear visibility into every dependency and deliverable. This can also help to reduce the administrative burden, since content can be updated in real time rather than taking offline notes and updating stakeholders via email or phone, a process which can not only take longer but also introduce the risk of mistakes. Some cloud-based collaboration tools also empower retail teams with automated workflows, so work keeps moving and everything from update requests to approvals can be handled instantly, on the fly.

## Before You Buy

**Ensure secure collaboration**. The store revamp process is extremely time-sensitive, as retailers need to get stores up and running again quickly, with as little disruption as possible. The process brings together many outside businesses, and knowing the status of work by third-party vendors and subcontractors is crucial to manage projects effectively. Smartsheet offers free, frictionless sharing with collaborators, licensed or not, and sophisticated admin controls, so outside vendors see the information they need to see, and nothing more.

**Scale locations**. Retailers looking to open new branches — or overhaul existing ones — can realise true economy of scale while reducing risk with Smartsheet Control Center, a prebuilt solution that empowers retailers to easily replicate, build, and launch locations using templates and Smartsheet services. "Control Center gives you a blueprint that allows you to work back from the opening date and manage everything from construction to finance, marketing, and HR," says DeMeerleer.

## Trend 3:

# Product and Service Innovation



The intense competition brought on by the rise of e-commerce has forced retailers to work harder than ever to stand out from their peers. This makes product, service, and experience differentiation a crucial element of success.

"Retail is going through one of the most fast-paced periods of change ever," says The Future of Retail Organisation's Haldre. "Any retailer that is hoping to compete with Amazon is going to be under pressure to offer discounts and lower prices; however, that will not be a sustainable long-term strategy for any retailer," he says. "Competing price-wise will result in a retailer focusing on products that generate the highest volume — the mainstream products — forgoing the more exciting niche products. As a result, the product selection becomes more bland, signalling the beginning of a death spiral. Product and service differentiation allows retailers to not only keep the higher margins, but also draw in more shoppers at a time of disappearing consumer loyalty."

Consumers can often find the same, or very similar, products from multiple retailers at the click of a button, so a unique selling point can make the difference between landing a sale and losing a customer. As a result, many brands and retailers are increasing their investment in product development, creating products, services, and experiences that differentiate their brand, using new data sources to build the things their customers want.

Retailers and brands have more knowledge about their customers' likes and dislikes than ever before. They can access troves of customer data — buying habits and histories, lifestyle, and preferences — and more accurately predict, through technologies such as AI and machine learning, which products consumers will snap up and in what quantity. Retailers are also offering more and better personalisation options. For example, Made.com and other furniture stores offer made-to-order options which customers can select to create their own furniture, choosing everything from the fabric to the shape, size, and design of their sofas.

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Smartsheet retail expert DeMeerleer says the trend towards innovations such as personalisation is huge. "More and more of our retail customers are developing entirely new teams and processes to create interesting new offerings. These programmes are critical — and can be complicated to manage. They need some sort of robust, easily managed platform that can help them handle the challenge," she says.

New services are booming, too. Installation service offerings are a popular add-on for electrical retailers such as AO World, which operates in the U.K., Germany, and the Netherlands, and at Currys PC World, where delivery can be accompanied by registered installation engineers. John Lewis & Partners launched a home solutions division in 2018 that enables customers to source and book local trusted tradespeople from carpenters to locksmiths, all vetted and guaranteed by the retailer.

## Make Technology Work for You

**Get products to market faster**. Product development cycles have many stages — from initial concept and approval to resourcing, production, and delivery. A cloud-based collaboration platform provides all stakeholders a view across a project, so they can easily see when dependencies are at risk or complete without waiting to be notified, and keep work moving more quickly. The best of these platforms can also provide automated workflows that allow retailers to easily build triggers directly into project sheets. Requests for approval for everything from product name to bids for components and launch date are sent automatically and can be acted on in a flash, so important requests aren't lost in email. "In the hyper-competitive world of retail, any tool that helps speed up time to market can be a crucial advantage," says DeMeerleer. "Being able to more quickly execute on great ideas can help a brand stand out among the crowd of retail options."

**Iterate and optimise with ease**. Perfect product launches are the dream, but when customers are less than pleased with a new product or service, or a launch is at risk, the ability to capture, analyse, and quickly act on data can make the difference between success and failure. When a budget overrun or task delay is caught early, for instance, a retailer can quickly reallocate resources to get the job done. When retailers use legacy tools, such as spreadsheets and email, to manage projects, they run the risk of missing key trends, which can result in massive missed revenue opportunities.

## Before You Buy

**Insist on automation**. Creating new offerings that win in the market requires agile, organised processes. Not every collaboration app is robust enough to handle the complexity of managing projects from idea to execution — and to keep projects moving quickly. Smartsheet is the only platform that provides end-to-end work management that is quick to onboard, meets stringent IT requirements, and provides automated workflows that are easy for any business user to set up. Automated workflows can automatically notify a manager when a task falls

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behind schedule or notify a worker when a dependency is cleared out of the way, sparing everyone's inbox and speeding processes. When a bid for a part comes in, a decision maker can approve the purchase on their mobile phone with a couple of clicks, thanks to the simplicity of Smartsheet forms. When repetitive, manual tasks are automated, retailers can spend more of their time dreaming up cool new products and services to increase revenue.

**Make real-time dashboards a requirement**. A Smartsheet dashboard is easy for anyone to build using premade widgets, and it can pull in data from sheets, reports, websites, videos, and even other business apps such as Tableau. Dashboards provide clear visibility of project process and status against deadlines and budgets, so decision makers can better plan manufacturing resources to increase cost-effectiveness of product development projects. For example, production may be cheaper in China but faster in India. "Smartsheet is helping retailers with their planning, and making it easier for them to predict when they can get products out to stores," says DeMeerleer.

## Trend 4:

# Perfecting the Delivery Experience

As important as the sale is, it's the actual delivery of products and services that wins the hearts and minds of customers. Both pure-play and traditional retailers face intense competition from delivery innovators such as Amazon, so delighting customers with delivery has become essential.

"Nowhere has the 'Amazonisation' of retail been more strongly felt than in delivery," says Alex Sword, editor of eDelivery.net, a U.K.-based industry website. "Studies show that a customer's delivery experience affects their perception of the brand, and whether they will come back or shop around. There is so much choice online, and retailers must battle hard to win customers from their rivals." Delivery is the critical final touch that leaves a lasting impression.

Customers have become used to fast, often free delivery — a challenge for many retailers to offer. And increasingly, fast and free are not enough; customers also want to know exactly when a package will arrive, and they want it at their convenience. The days of waiting weeks for a parcel are long gone, and retailers that fail to recognise this situation risk losing customers.

"There is evidence that what shoppers really want is the option of fast delivery, but also the certainty of knowing when a delivery is scheduled," says Andrew Starkey, head of e-logistics at U.K. online retail association IMRG. "This allows them to plan their

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availability within a realistic time frame. Pre-delivery alerts are important, and really play their part when in-flight changes are also offered — a different day, a specified leave-safe location, a selected neighbour, or a convenient pick-up point."

For this reason, delivery tracking services, which allow customers to understand exactly where their product is from the journey of purchase to arrival in their hands, is increasingly a must-have. And customers want pinpoint accuracy; they've moved far beyond just wanting to know which day their package will arrive, to wanting a specific delivery window and even being able to track delivery trucks in real time on a map.

Amazon is continually pushing the envelope of the delivery experience, testing all manner of lockers, in-home and in-car delivery, and, famously, delivery drones in search of new ways to optimise costs and get products to people faster. For the vast majority of retailers, innovations in processes up and down the supply chain can make a crucial difference.

## Make Technology Work for You

**Closely control the supply chain**. Clear, real-time visibility of the supply chain allows retailers to be able to make and keep delivery promises that will delight their customers and build loyalty and repeat business. This is especially important as retailers move to a single view of stock that also enables hub-and-spoke delivery models from stores. "We have retailers who use Smartsheet to track when the merchandise they purchased to sell in-store has arrived," says DeMeerleer. "They're tracking the entire buying and purchasing process from the moment of arrival in the warehouse, so that they know they have inventory in stock and ready to sell."

**Allow accessibility for all**. With a wide range of users within a retail business, computer literacy can vary across functions. Retail staff need something that's easy for all to use — whatever part of the business they are working in and however they are accessing the information, whether on desktop or mobile. In the case of delivery, where many different users need to input and access information, ease of use is even more important. Choose a work execution platform with an intuitive, user-friendly interface, to minimise onboarding time and cost. Make sure it allows free, frictionless sharing and collaboration.

## Before You Buy

**Give every team a birds-eye view**. Look for technology that features dashboards that any business user can build, without help from IT. By surfacing critical KPIs in a central, real-time source of truth, anyone can see the status and location of inventory, and reallocate resources as issues arise.

**Improve delivery with data**. Provide decision makers with all the data they need to optimise the supply chain by combining data from multiple sheets into roll-up reports. Smartsheet reports are a powerful way to consolidate key information from multiple sheets into a single overview.

# The Meteoric Rise of Subscription Retail

As retailers look to increase customer loyalty to their brand, many have created subscription offerings. The subscription model offers shoppers the ability to pay a set (usually annual) price for specific benefits and discounts (similar to the Amazon Prime model), or for recurring delivery. Subscriptions are particularly popular in the fashion industry, in which customers often need to order multiple items to get the perfect fit or perfect garment and don't want to worry about the cost of delivery or returns. Such retailers include Next (which charges £20 a year for unlimited free home delivery) and Missguided (£9.99 a year on next-day orders placed before 10 p.m. the previous day). Fashion retailers such as London's Front Row allow customers to rent designer clothing, and then buy the things they like best.

When a customer enrols in a brand's subscription programme, they're naturally inclined to make the most of it by turning to that brand again and again. "Subscription services that include delivery certainly drive shopper loyalty," says IMRG's Starkey. "Why would you not look to your subscription provider first if you can?"

Many retailers and brands are also exploring offerings that tie customers into recurring product purchases. This includes consumables such as printer ink as well as subscription boxes — made popular by specialists such as Dollar Shave Club and Graze (which offers healthy eating snack boxes through the post) that are now also stocked in retail stores such as Boots.

The subscription box model is booming. Worth £583.3 million in 2017, the market is set to almost double in size to £1 billion by 2022, according to Royal Mail's "The UK Subscription Box Boom Report."[2] Initially the premise of many startups, bigger brands are now getting in on the act, too.



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2. Royal Mail, February 2019: "The UK Subscription Box Boom Report"

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Some of these focus on functional replenishment services for such things as washing powder and razors, whilst others focus more on gifting and surprise. Personalisation is key for many brands, with shoppers asked their initial preferences at sign-up to help target deliveries.
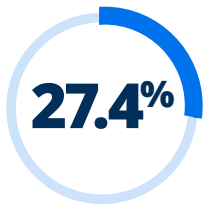
**27.4%**

*More than a quarter (27.4%) of U.K. consumers are now signed up to at least one subscription service, including more than half (52.1%) of 25–34 year olds.*

Consumers, particularly those in the younger demographic, have caught on to the model quickly, according to the report. More than a quarter (27.4%) of U.K. consumers are now signed up to at least one subscription service, including more than half (52.1%) of 25–34 year olds. Retailers and brands understand their value: 44.8% of subscription box businesses surveyed by the Royal Mail use them chiefly to drive greater brand loyalty.

## Make Technology Work for You

**Prevent customer churn**. Churn is one of the biggest challenges facing the subscription box business model, according to the Royal Mail report. Keeping customers engaged through a great calendar of content and products is therefore vital. By tracking and analysing customer data, retailers can better tailor product offerings, creating a more curated selection.

**Create end-to-end marketing strategies**. For many subscription box brands, particularly those in the beauty industry such as Birchbox and Glossybox, encouraging customers to share their unboxing moments on social media is key to their marketing strategy. This is particularly important, since word of mouth is one of the most important ways that subscription businesses expand their subscriber base, according to the Royal Mail report.

Other brands, particularly in the recipe box industry, use how-tos in order to better engage their customers through their marketing. Whatever the strategy, retailers and brands need to ensure they can manage an end-to-end marketing approach by adopting technology that enables a full view of all marketing activities.

**Enable seamless co-marketing**. Effective joint marketing with affiliate and partner brands can be a powerful way to reach new customers. It requires a shared view of mutual activities, including real-time status of campaign execution and performance, collateral build-out, and more. The right technology will provide a single source of truth for collaborators across organisations and time zones — and will be easily onboarded, regardless of existing technologies or skill sets.

**Before You Buy**

**Plan meticulously**. Planning marketing and product content strategy in this market is vital. By enabling real-time visibility across marketing campaigns, retailers can track important initiatives and critical KPIs, and quickly pivot when something is not producing desired results. An application that allows retailers to switch from a grid view to a calendar view can help different teams see information the way they need to in order to keep track of complex marketing initiatives.

**Create connections**. Choose a technology that enables frictionless sharing with internal and external stakeholders. Smartsheet is easily onboarded by any business user and provides seamless integration with existing technologies — such as Salesforce, Tableau, and Dropbox — enabling accurate, real-time views of performance data, sales pipelines, and more.

# Evolving for Retail's Future

The retail industry is in a moment of unparalleled change, driven by the demands of increasingly sophisticated and informed consumers. Never have there been more options for where, how, and what to buy. And never have purchase experiences been more widely broadcast, with online ratings and social media posts about everything from the purchase experience to the quality of goods. Consumers are increasingly hungry for singular, personal, and Instagrammable retail experiences, and brands that provide fodder for social feeds while delivering desirable products fast and at no additional cost to the customer are likely to reap the rewards. Digital technologies are providing the tools that enable retailers to succeed, and even to lead, now and in the future.