# Ready Retail Guide

Important industry
and digital trends

Vodafone
Power to you
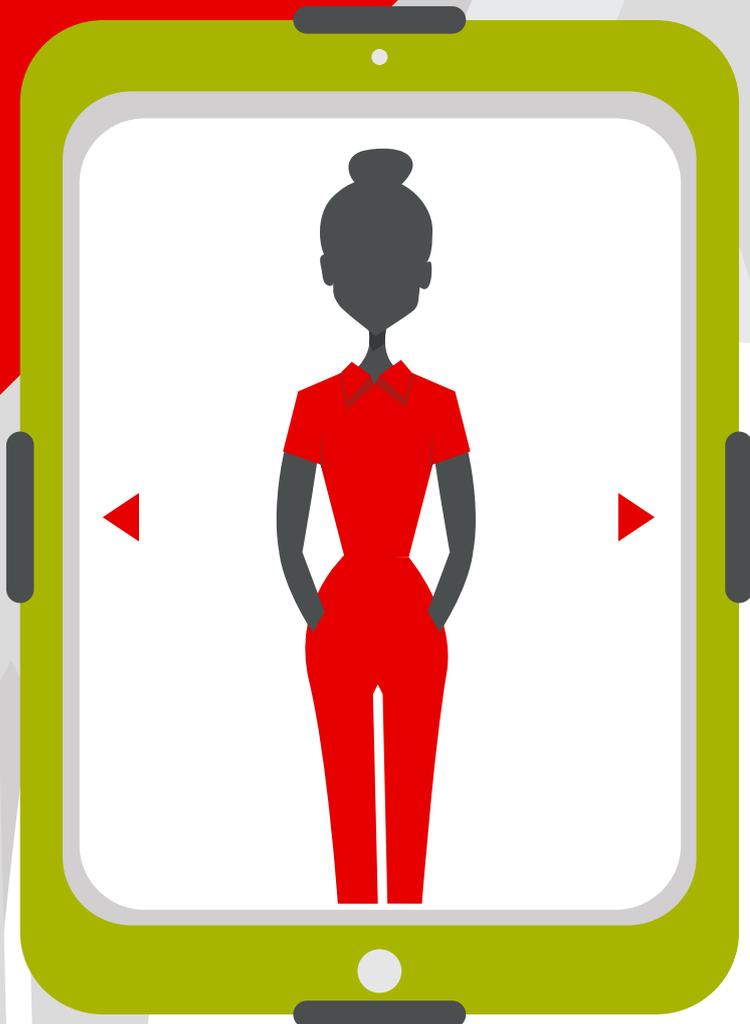
Executive summary

The eternal balancing act for retailers — how to make money whilst saving money, differentiate your brand in a competitive market, and above all, deliver exceptional customer service.

To achieve all this, you need to maximise internal operational efficiency and run a lean retailing operation.

In this guide, we've identified the six most important trends for retailers. You will find out about the important trends shaping consumer expectations and retail excellence — and the sweet spot where the two intersect.

Here's a snapshot of these trends. Consider the biggest challenge of all — offering and delivering the same level of service across every channel: **Convenience Redefined. Viva the High Street** — remember that bricks and mortar are still a vital window into your brand, but this is changing fast. Do these things well and you'll **Get Closer To Your Customers.** Get the most out of new technology by **Making your Supply Chain More Dynamic**. By ensuring that your **Back End Systems are Robust, Secure and Flexible** you will be positioned to deliver an always-on retail experience. **Digitally Empower Your People**, because creating a digital culture throughout your business is incredibly important.

Read on to learn more about the trends and technologies that are impacting your business, influencing your customers and opening up new markets for you.

Want to know more about how Vodafone is working with enterprise retailers, and how we're helping them better connect their people, places and things? You can download **Why Vodafone for Retail** at **vodafone.co.uk/retailsector**

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Six trends that matter to retailers

1 Convenience Redefined

The 'space race' for prime store locations is over. Having a physical presence is valuable now because it offers customers an intimate way to connect with your brand: to touch and see your products or to pick up pre-ordered items using Click & Collect. What's new is that your ability to deliver goods somewhere convenient for customers – within an ever-reducing window of time – is now more important than where your stores are and how many you have.

What this means that you need to get the basics right. It's a tall order – a business must be primed for retail action around the clock, able to identify and invest in the technologies that improve the customer experience and also deliver higher value shopper transactions.

Can you deliver a consistent service, whether your target market is window-shopping on tablets at 11pm, or starting the day with some 5.30am mobile basket-filling? Cloud-based, mobile and fixed-line communications are all part of the mix required by retailers managing today's demands and anticipating tomorrow's challenges. There's a new channel around the corner too – 'wearables' such as smart watches will trigger an entirely new shopping experience for retailers and consumers.

- 92% of online customers now want delivery within 2 days. (Source: YouGov, 2014)

- By 2016, connected retail (combining online and offline) will impact 44% of sales. (Source: Forrester Research, 2015)

- UK mobile payments will hit over £1.2 billion a week by 2020, with 60% of consumers expecting to use their mobile devices for payment at least once a week. (Source: Visa Europe, 2015)

2 Viva the High Street

The high street of 20 years ago is gone — but the high street of 2015 is very much alive. And it's here to stay. The blurring between the high street and online is set to continue as the high street is reimagined as dynamic and digital. For example, today's high street includes pop up stores-within-stores that are intentionally short-lived. And give customers a reason to come through your doors.

Consider 'showrooming' — once a frustration of retailers, now another popular way to bring customers in-store and increase conversion rates by allowing them to get up close and personal with products. In-store digital media (like self-service screens) enhance the customer experience, offering further product information or comparison data on the spot.

How stores are connected — and how reliably — is crucial in delivering great service. Store networks can now provide real-time stock information to 'Last Mile' logistics suppliers to facilitate local fulfilment for Click & Collect services. And easily accessible Wi-Fi in-store offers customers the connectivity they expect wherever they are: an essential element of great customer experience.

Of course, it's important for your sales figures too — a digitally enabled bricks-and-mortar store allows staff to help customers side by side using tablets in the store, offering internet ordering for out-of-stock items, increasing sales and reducing abandonment.

New location-based tools help retailers with physical store footprints to maximise their floor space and create hyper-personalised and contextual messages to consumers. Leveraging geo-fencing,[1] geo-location[2] and mobile re-targeting[3] technologies gives retailers valuable data and consumer insights which can then be sold to product distributors, opening up another revenue stream.

- 42% of UK smartphone users have used their device to conduct research online while in a store. (Source: Google, Ipsos MediaCT and sterling brands research study from March to May 2014)

- 50% of customers want sales assistants to be equipped with tablets to help find the product they need in the shortest possible time. (Source: Retail Gazette 2015)

1. Geo-fencing is a feature in a software program that uses the global positioning system (GPS) or radio frequency identification (RFID) to define geographical boundaries.

2. Geo-location is the process of finding, determining and providing the exact location of a computer, networking device or equipment. It enables device location based on geographical coordinates and measurements.

3. Re-targeting is a cookie-based technology that uses a simple Javascript code to anonymously 'follow' your audience across the Web.

3 Get Closer To Your Customers

Retailers are taking a leaf out of their history books. 100 years ago, your local shopkeeper prided herself on knowing her customers — anticipating their orders and suggesting products based on previous purchases. But since then, technology has all too often got between the retailer and the customer. Now the tide is turning back again.

Not only do customers expect retailers to be able to create a more personal experience for them, they also want help to simplify complex decision-making and to facilitate easy comparison. It's a crucial element of an overall retail experience that's built around their needs and reflects their behaviours and preferences.

The big trend in location-based analytics is helping savvy retailers learn more by observing more. Retailers can achieve this by first collecting, and securely storing, customer data. The next step is to analyse the data to identify genuine customer insights. With this knowledge, retailers can provide a customer-centric experience and get closer to the goal of the 'Market of 1' or so-called 'Me-tailing' model.

Of course, driving loyalty and repeat engagement with your brand is about more than just facilitating purchases. Shopping can be social, educational and even playful now.

"We can tell by a person's location if they are walking in a park, and then if it is a hot day, we can direct them to the nearest place to buy a Magnum with a coupon — these are things we can already do now."

Keith Weed, CMO Unilever, March 2015

Hate taking the kids around the supermarket? Still got to do the weekly shop?
Using in-store Wi-Fi, why not instantly download a fun phone game — points for kids if they identify healthy choices as you travel the aisles, and a 'nudge' for the parent to increase their spend in-store (and less frazzled moods all round...)
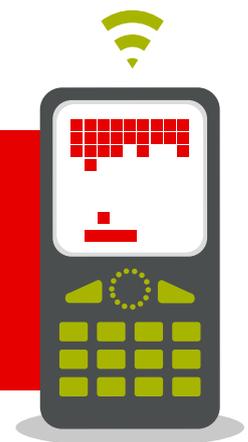
4 Make Your Supply Chain More Dynamic

There's no point in having customer service agents on call 24/7 if your logistics and warehouse capabilities are stuck back in 1985.

Squeezed margins mean that supply chains have to move beyond just being efficient. They need to become intelligent and dynamic too, using the Internet of Things to improve the way goods are ordered, tracked and ultimately delivered into the hands of customers. Using M2M (Machine to Machine) to track the progress of goods provides significant cost savings and reductions in wastage.

It's now possible to connect to virtually anything within a store environment – even the most unlikely of physical objects: shelves, shopping trolleys, fridges and freezer cabinets, weight mats and video cameras.

You can increase customer satisfaction and reduce demands on your customer service team by making it easy for consumers to follow their purchases in real time – from warehouse to lorry to local delivery to doorstep. You can also offer 'Farm to Fork' or provenance-proving information via an unbroken data chain from supplier to consumer.

Make sure you have what your customers want in stock by using M2M services to monitor stock levels and trigger automatic replenishment at a predetermined level. 'Endless aisles' and Click & Collect make every store a superstore.

Not every sale is final, so an agile supply chain enables retailers to minimise the cost of customer returns too.

- The future of fulfilment: pickup points shared with other retailers, drive-through Click & Collect and peer-to-peer delivery services will all play a part.

- Amazon's Prime Now delivery option offers 1-hour delivery in central London, but 35% of UK retailers still lack 'named day' delivery options. (Source: Econsultancy 2014)
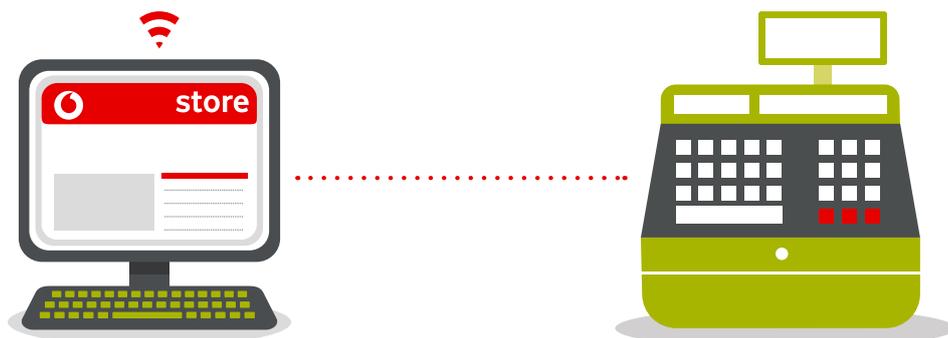
5 Ensure Your Back End Systems are Robust, Secure and Flexible

The business-driven IT challenge — how can technology strategy and investments be better focused on enabling a differentiated customer experience, whilst still 'keeping the lights on' during critical peak periods?

Black Friday every day might be good news for your sales figures, but it's bad news for your brand and reputation if your business promises more than you can deliver. Think crashed websites, security breaches, unanswered calls, and stock misinformation. Then consider the cost of winning back disgruntled customers and the investment required to rebuild their trust and loyal business.

Data security is no longer the preserve of just the IT department. High profile breaches in some of the world's largest retailers have brought the issue of data security into sharp focus for the high street and online consumer.

Seasonal sales, sudden demand surges or unexpected lulls — being ready for the unexpected is what sets smart retailers apart. But no matter when they decide to commit to buy, your customers expect fast delivery and uniformly high service all the time, no matter what channel they choose to purchase from.

For many retailers, an additional challenge is to introduce a back end that will integrate with legacy systems and application portfolios. Enterprise retailers are turning to flexible infrastructures that can scale up when the business needs to and work with what they've already got. New application needed or updated internal process to roll out? Get it up and running with an agile system that can support the rapid development of new tools and processes.

- Sales made through apps now account for 33% of all retail spend on mobiles, despite only 10% of retailers offering one. (Source: Barclays 2015)

"Customers expect fulfilment to be accurate and on time... Unless you have invested in the distribution and industry systems, you can't deliver that promise."

Paul Coby, CIO, John Lewis, 2014

6 Digitally Empower Your People

Guess what? Your employees are also offer-chasing, price-sensitive, device-agnostic, brand-savvy consumers. So don't make them stop thinking this way when they walk into work.

Empower your staff with technology and tools they can use to better serve your customers. See how internal communication and knowledge sharing improves with integrated communications channels – phone, instant messaging, video and sharing tools.

Customer-facing staff are your greatest brand advocates but how can retailers extend their brand online to create the right 'digital personality' too? Blogging and an active social media presence help showcase the 'real people' in your business, and facilitate a genuine, valuable two-way exchange between your brand and your consumers.

New tools and technology aside, great in-store experiences are all about personal interaction. It's now possible for a sales person to access a customer's purchase journey as they walk into the store (for example, that they've browsed online on the train, shortlisted some choices on their tablet at work and done some last-minute mobile comparisons). Side-by-side selling enables floor staff to make relevant recommendations, share more product information and alert customers to special offers.

Finally, to get the best out of digital you need to create clear signposts for your employees that you are 'thinking digital' in everything you do. That change needs to be supported culturally throughout your organisation, by embracing mobility as a work style and providing tools that empower staff to innovate.

When Vodafone set out a vision for the company's future, it was that anyone should be able to perform any function, from any location, on any device – and do so seamlessly. Achieving this change took 3 years and was realised by a Unified Communications (UC) platform hosted in a private cloud.

But the real challenge was encouraging employees – including the IT team – to embrace the new way of working: a wholesale culture change. We built a strong case to persuade, explain and train our people in the new way of working.

Today, the change has been realised and the benefits are significant. Flexible working has improved employees' work-life balance, we have cut carbon emissions by 45% and we have become 15% more productive.

Let's find out
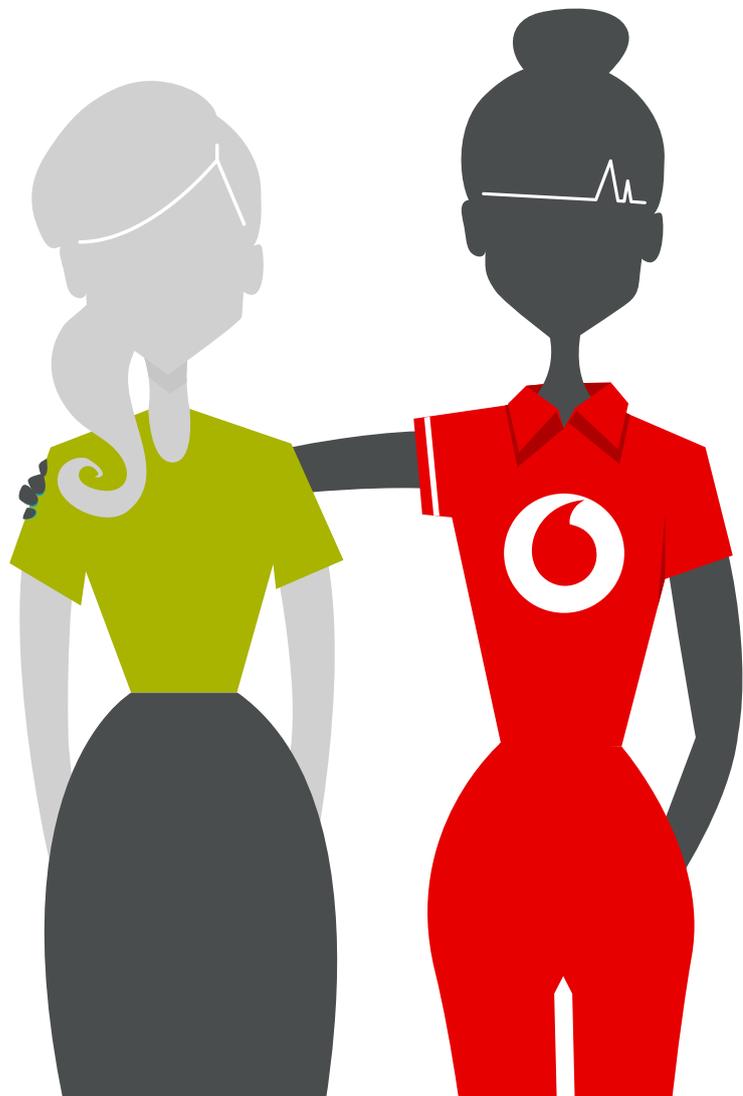
Conclusion

At Vodafone, we spend a lot of time thinking about the new opportunities for enterprise retailers, and how technology can help retailers advance their business and build firm foundations for future growth.

Have we got you thinking too?

If you'd like to find out how Vodafone can help you get better operational agility in your business, better engagement with your customers, and better connect your employees, check out **Why Vodafone for Retail** now.

Want to talk? We'd love to hear from you.

Contact your account manager or call 0845 241 9553

Visit vodafone.co.uk/retailsector

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