People First in Digital Retail

Accenture Technology Vision for Retail 2016

High performance. Delivered.

Strategy | Consulting | Digital | Technology | Operations
Accenture Technology Vision: The Evolution

2013
Every Business is a Digital Business

2014
From Digitally Disrupted to Digital Disrupter

2015
Digital Business Era: Stretch Your Boundaries

2016
People First: Primacy of People in the Digital Age
People first

• **88%** of retail business and IT executives anticipate the pace of technology change will increase at an unprecedented rate over the next three years.

• As they look to the future, all categories of retailers - grocery and food services, convenience and beauty, home and electronics, fashion and luxury goods - must put the emphasis on people:

**CUSTOMERS**
Continuous focus to refine every single touch-point with the customers will enable retailers to create differentiating business models, establish ecosystem relationships and expand products and services in entirely new directions.

**EMPLOYEES**
Enabling employees with advanced technologies like artificial intelligence and using people-first principles to design and build the technologies that employees interact with are key steps to ensure retailers’ success.

**BUSINESS PARTNERS**
Retailers must start using technology—such as APIs to share data and collaborative tools to reduce boundaries—to help business partners operate as one cohesive unit.
Technology Vision 2016 – Retail dimensions

The five overarching technology trends defined by the Accenture Technology Vision—Intelligent Automation, Liquid Workforce, Platform Economy, Predictable Disruption and Digital Trust—have retail-specific dimensions.

<table>
<thead>
<tr>
<th>Intelligent Automation</th>
<th>Liquid Workforce</th>
<th>Platform Economy</th>
<th>Predictable Disruption</th>
<th>Digital Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empower sales employees</td>
<td>New ways to structure work</td>
<td>Technology-first retail is the new norm</td>
<td>Disintermediation from manufacturers</td>
<td>Cool vs. creepy propositions</td>
</tr>
<tr>
<td>Equip customers with automation</td>
<td>Dynamic sourcing</td>
<td>Facilitate unconstrained growth through platforms</td>
<td>Extend offerings (cross-industry players)</td>
<td>Data management (policies and procedures)</td>
</tr>
<tr>
<td>Continuous learning</td>
<td>Tap into ecosystems of products/services</td>
<td>Start-up disruption</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

© 2016 Accenture. All rights reserved.
Businesses have an opportunity to use intelligent automation to help manage the complexity arising from pervasive digital change. The next wave of intelligent automation solutions—powered by artificial intelligence—will weave systems, big data and people together to transform what retailers do and how they do it.

50% of retailers report an extensive use of automation to deliver IT tasks such as testing deployment in a more agile way.

47% use automation for customer interactions.

38% of global organizations report their top reason for automating tasks is to cut costs and increase operational efficiency.

In particular, Accenture sees the retail implications for Intelligent Automation in two dimensions:

- Empower sales employees
- Equip customers with automation
Empower sales employees

TESCO
Adopted wearables for employees to improve stock check

SHOPPERS DRUG MART
Uses skin analysis technologies to offer better product suggestions

CLARKS
Uses iPads to offer an in-store shoe fitting experience

Recommendations

- Use analytics to discover where technology can improve business efficiencies and reduce costs. Identify the in-store experiences that will be enhanced by technology and the implications of automating sales employees’ tasks. Define the roadmap to deliver the necessary technology to sales employees.

- Implement technology roadmap for sales employees (customer analytics, data visualization tools, artificial intelligence). Train employees to use new technologies on mobile devices so they can provide a better in-store experience.
Equip customers with automation

**BEST BUY**
Chloe robot allows 24/7 sales for specific Best Buy stores

**WALGREENS**
Virtual mapping delivers personalized customer rewards

**COLES**
Trials Hiku to offer customers a digital shopping list

**Recommendations**

- Look at the customer journeys the organization offers (online, in store and at home) and identify areas for automation or customer self-service. Understand the capabilities required to enable automation in these areas, such as access to data sources, personalization or recommendation engines.

- Define the technologies that will automate customer journeys (e.g., apps, smart kiosks, in-store robots, in-home devices) and how these will operate. Build and pilot customer-facing technologies equipped with artificial intelligence capabilities (including advanced analytics and business algorithms) that drive superior customer experiences.
As companies invest in digital technologies to enable agility and keep pace with change, a critical element of their business is being neglected: the workforce. To create an agile workforce, retailers must leverage technology across the organization—to operate more efficiently and drive innovation faster.

In particular, Accenture sees the retail implications for Liquid Workforce in three dimensions:

- New ways to structure work (roles/responsibilities)
- Dynamic sourcing
- Continuous learning

56% of jobs within retail organizations are expected to have a digital component by 2019.

83% of retailers already recognize this necessity, agreeing that the workforce of the future will be structured more by projects than by job functions.

86% of retail executives report that training their workforce has become more important, 41% state it is significantly more important today.
Dynamic sourcing

**UBER RUSH**
VIP parcel delivery through fast messenger pickups and immediate deliveries

**INSTACART**
“Shoppers” deliver groceries from stores in as little as an hour

**SAINSBURY’S**
Launched digital lab hackathon to generate ideas that improve customer services

---

**Recommendations**

**New ways to structure work**
- Deconstruct the organization and categorize the nature of work associated with specific roles. Understand relative complexity of tasks.
- Orient roles towards dynamic “next best task” execution, rather than based on static tasks. Shift least differentiating tasks to external organizations, as a service.

**Dynamic sourcing**
- Understand sourcing requirements for new ways of structuring work. Take tasks to restructure, identify sourcing partners who can support a “people-as-a-service” model and establish a framework to allocate work.
- Enable external talent pool to complete tasks through technology. Pilot allocating tasks to complete work in a distributed model. Analyze business benefits and adjust task distribution to partner with right organizations and individuals.
Continuous learning

SEARS HOMETOWN STORES
Introduced comprehensive employee training as part of overall retail strategy

Recommendations

• Understand in-demand skills within the organization and define a training strategy for employees. Pilot new tools and training modules to determine the most efficient and effective ways to deliver training.

• Adopt an any device, anywhere policy for training, including employee-owned devices. Then design and build training that is both easy to digest and specific to roles or tasks. Build training in a people-first way that is easily accessible: for everyone, from everywhere, at any time. Roll out to workforce.
Companies need to master digital technologies to drive growth and protect core business profitability. However, the next wave of disruptive innovation will arise from technology-enabled, platform-driven ecosystems. Retailers must decide what part to play in this platform economy—and move quickly to carve out their role.

86% of retail executives agree that platforms will be the “glue” that brings organizations together in the digital economy. 52% of retail executives are investing in a comprehensive digital technology platform as part of their overall business strategy.

In particular, Accenture sees the retail implications for Platform Economy in three dimensions:

- Technology-first retail is the new norm
- Enable unconstrained growth through platforms
- Tap into ecosystems of products/services

Copyright © 2016 Accenture. All rights reserved.
Technology-first retail is the new norm

AMAZON WEB SERVICES
Amazon used its excess capacity of computing power to enter the cloud market

Recommendations

- Reposition technology to a more central role that reports to the CEO to ensure IT both enables and drives the business agenda. Present to C-suite leaders the business opportunities originating from technology, including a digital platform strategy.

- Build a “new IT” organization to enable a successful platform business. Re-evaluate skills and capabilities of internal employees. In-source core roles, such as IT staff members with digital skills or develop business relationships with trusted providers who have digital expertise.
Enable unconstrained growth through platforms

MORRISONS
Morrisons expanded its platform outreach with Ocado / Amazon to deliver groceries

APPLE PAY
Apple receives a percentage of revenue every time a person uses an iPhone for a transaction

Recommendations

• Extend platform outreach to realize incremental revenues and identify parts of the business prime for platform business models. Prioritize areas of focus and define a technology architecture for platforms. Understand what data is needed and how to surface that data so it can be shared internally and externally.

• Build a platform architecture, including data gateways and APIs that can expose data externally. Operate platform to enable asymmetrical growth.
Tap into ecosystems of products/services

**AMAZON PRIME**
Amazon Prime creates a captive audience to sell the next wave of products and services

**PORCH.COM / HOUZZ.COM**
DIY retailers extend their value chains by linking with Porch.com and Houzz.com to build a network of qualified DIY professionals

**Recommendations**

- Understand customer preferences and extend organization’s reach into relevant ecosystems of products/services that customers want. Assess existing ecosystems and identify how and where to partner with others to offer more products as a service.

- Move to a multi-speed IT model with a real-time, synchronous architecture in order to link to ecosystem partners. Contribute to ecosystem and assess additional areas to improve the customer journey through ecosystem relationships.
Every company now understands the transformational power of digital. What few have yet grasped is how disruptive new platform-based ecosystems, which have been made possible by digital, will be. As these ecosystems become more pervasive across a customer’s journey, whole industries and business models will be reinvented. Fortunately, these ecosystems are a disruptive force that retailers can anticipate, manage and use to their competitive benefit.

In particular, Accenture sees the retail implications for Predictable Disruption in three dimensions:

- **Disintermediation** from manufacturers
- **Extend** offerings (cross-industry players)
- **Start-up** disruption

88% of retail executives believe *industry boundaries are being erased and every industry is significantly impacted.*

Executives may be underestimating the risk of disruption from start-ups and others outside their industry—as they report the *greatest risk of disruption will come from established companies within their industry.*
Disintermediation from manufacturers

UNILEVER & ALIBABA
Work together to reach customers across China through the retailer’s network

Recommendations

• Examine the retail value chain and identify vulnerable parts, especially where manufacturers could sell directly to consumers.

• Build stronger, more collaborative partnerships with manufacturers to support the retail ecosystem strategy. Incentivize and lock in manufacturers with joint go-to-market strategies and better margins.
Extend offerings (cross-industry players)

**DIXONS CARPHONE (ID)**
A mobile network to compete with telecom providers in the European market

**MYBANK**
Alibaba’s customers get loans based on their online shopping history

---

**Recommendations**

- Empower an internal or external innovation group to review underlying assumptions of the retail industry and to think about how to break current business model.

- Develop a compelling case (price or better customer experience) and experiment in other industries.
Start-up disruption

DESKBEERS.COM
Delivers craft beers from microbreweries each week directly to the office

MACY’S / SHOPKICK
Macy’s and Shopkick use beacons to detect a shopper’s location and send them promotions

Recommendations

• Conduct market scans to keep finger on the pulse of start-ups.

• Invest for disruption: Partner with or acquire start-ups, invest in technology innovation labs or digital hubs to boost innovation, attract talent and create new business opportunities.
Without trust, businesses cannot share and use the data that underpins their operations. As such, managing data ethics and digital ethics must be core elements of the security strategy at every stage of the customer journey. That's why the most advanced systems today go well beyond establishing perimeter security and incorporate the highest ethical standards for data. New products and services must also be ethical and secure-by-design.

86% of retail executives agree that trust is the cornerstone of every business in today’s digital economy.

76% of retail executives argue that they are exposed to more risks than they are equipped to handle as a digital business.

47% of the most invasive breaches in recent years have been in the retail industry. On average 86.5 million customer records are stolen in each security breach.

In particular, Accenture sees the retail implications for Digital Trust in two dimensions:
- Cool vs. creepy propositions
- Data management policies and procedures
Cool vs. Creepy

SHOPIFY (SHOPKEY)
Shopify's Shopkey is an app that puts a product catalog in the customer's iOS keyboard

Recommendations

• Conduct a sentiment analysis to understand how customers perceive retail offerings and brand; make a top five list of the least trustworthy offerings. From that list, do a complete customer journey analysis and understand how to improve offerings in order to build trust.

• Implement advanced security solutions to mitigate risk with data, platforms and ecosystems. Design and build offerings that embed data and digital ethics to improve trust with customers.
Data management policies and procedures

**NORDSTORM (TWILIO APP)**
Personal shoppers can now text product suggestions to customers prompting Nordstorm to establish firm policies to avoid excessive “push marketing”

**BOOTS**
Customers can make informed choices about how their data is used via an independent data protection service provider

**APPLE (ET AL.) VS FBI**
Apple takes a strong stance by refusing to hand over data to authorities, claiming it would be customer trust breach

### Recommendations

- Understand how data is currently being used. Rewrite policies to align with business strategy and reinforce customer trust.

- Make data policies transparent to customers via different channels. Explicitly mention how customer data is being used and what customers receive in exchange for providing their data. Enable customers to opt in or out easily.
Thank you

#techvision2016

http://www.accenture.com/retailtechvision