Retail Convenience:

Opportunities for the Empowered Retailer

WHITEPAPER
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The goal as a company is to have customer service that is not just the best, but *legendary*.

Sam Walton, Founder of Walmart¹
As consumers’ lives become increasingly busier, their time is becoming more limited and fragmented every day. Retailers are feeling the pressure of having to continuously innovate, to make it easier for their customers to get what they need when they need it, with minimal effort required. Speed is a big factor that differentiates the traditional retail experience from a hyper-convenient one. A long queue will make 8 out of 10 customers abandon their purchase, while 22% want to get in and out as quickly as possible. This shift in consumer behaviour has transformed the retail concept from ‘going shopping’ to ‘shopping on the go’, placing huge focus on the need for speed and ultimate customer convenience.

Throughout this whitepaper we’ll be exploring some of the key consumer pain points when it comes to shopping – both online and in-store. We’ll address the challenges in achieving high levels of customer convenience, along with how you can leverage convenience to drive competitive differentiation and maximise sales.
Putting customers at your core

To provide a retail experience that addresses the needs of your customers and alleviates as many of their pain points as possible, a good place to start is by understanding who they are. The most important thing is to see things from their perspective, by stepping into their world, and finding out what they need to make their lives easier.

Since 2015 Tesco Korea has been setting an example when it comes to starting with the customer. South Koreans are known to have some of the longest working hours in the world, often too busy for traditional grocery shopping. In response to the needs of its customers, retail giant Tesco introduced its first "virtual stores"; product displays on walls at bus stops and subways.

Commuters are now able to shop on-the-go using their smartphones to scan the displayed QR products, placing orders while they wait for their ride to or from work.

After scheduling a delivery time, customers receive their goods shortly after they get home.

As a result, the global food retailer saw a 130% increase in online sales, and a 76% rise in site registrations within just a few months of launching.\(^3\)
Providing an omni-channel retail experience plays an integral role when delivering customer convenience.

As a consumer, there’s nothing more frustrating than spending hours searching online for the perfect product; only to find it unavailable in-store. Or having to speak to multiple customer service agents within the same business, to solve one query. As such many retailers strive to offer a unified experience for the customer across all channels and to do so, a single view of stock is critical.

Having this single view of inventory across multiple sales channels provides a platform for complete stock transparency for customers, as well as improved internal efficiencies.

Other customer benefits include:

- faster delivery
- reduced instances of out of stock product
- the enablement of click and collect.
The power of personalisation

By harnessing an omni-channel approach, retailers can gain a unified, 360-degree view of the customer that enables them to offer a customised service.

The more you tailor an experience to individual needs, the easier your customer’s shopping journey will be.

In fact, 75% of customers prefer to buy from a seller that knows their name and purchase history, and recommends products based on previous purchases.

Retailers use personalisation to offer customers a level of convenience they cannot find elsewhere. Starbucks for instance allows its customers to speak to a virtual AI assistant. Through data-driven AI algorithms, the My Starbucks Barista app allows customers to choose a branch, place their order, and make payment by messaging in chatbot style – ahead of their visit.

More and more brands are starting to adopt in-store technologies such as tablets and digital signage to help their customers locate and discover items of personal interest.

The end goal:

to help your customers achieve their shopping goals in the quickest time possible.

With the help of beacon technology, Smart Mirrors and branded apps, retailers can leverage technology to provide relevant, personalised, and therefore seamless shopper experiences.
Leveraging data to enhance customer experience

With 93% of companies reporting an uplift in conversion rates from personalisation, it’s no wonder retailers are looking at what they can do with their data to help create a more tailored experience.

Leveraging the power of your customer data enables you to personalise the shopping experience and drive timely offers, incentivising customers to complete purchases. It can tell you how your customers behave, the best time to reach them, and what exactly they want.

Retailer **Function of Beauty** combines AI technology with the power of data, allowing its customers to create shampoos and conditioners based on their individual hair type and goals.

With data collected through a quiz that builds the customer’s hair profile, the beauty start-up is then able to determine what users want their end hair product to look, and smell like.

**The result:** one highly personalised, unique end product from a possible 12 billion different ingredient combinations, an effective way to exactly meet the needs of the customer.
Meeting delivery expectations

Delivery plays an integral role within customer convenience. The big challenge for retailers is keeping up with the on-demand attitude of today’s consumers. In response to modern society’s need for instant gratification, retailers are also having to offer new and often multiple options when it comes to delivery and returns, suitable for customers with busy lifestyles.

ASOS are one such brand leading the way when it comes to catering to its customers’ needs. Shoppers can choose from a plethora of delivery options including same day, as well as several ways to return items. This includes via any of the 1,100 InPost lockers available 24/7, located at other retailers, various supermarkets, and even petrol stations.

Meanwhile JD.com uses AI across its supply chain and logistics to deliver over 92% of orders for same and next day delivery. Its effective use of intelligent technology can predict future demand, and is speeding up logistics by bringing its fully-autonomous warehouses online.

For Amazon, being able to expand their distribution centres over the past decade has been a key component in their overall growth strategy.

While initially having to take on more overhead costs to open new fulfilment centres that could get orders shipped quicker, it also decreased shipping costs by up to $13 billion and increased profit by up to $8 billion. Thus, proving the value of short-term trade-offs in exchange for happy customers - and ultimately long-term margin.
The constant flux of advancing technologies is transforming the world of retail, bringing hope for a more convenient life. New ways to harness the power and cost savings of AI-based technologies are emerging every day. North Face use cognitive computing to help customers choose between jacket types, using variables such as gender and location. Beauty brand Sephora offers customers a colour match tool powered by AI, to try on cosmetic products virtually via augmented reality. While furniture retailer West Elm use a Pinterest Style Finder, again using AI to scan users Pinterest boards in order to curate a list of products completely personalised to that person.

While the likes of Artificial Intelligence (AI) and Augmented Reality (AR) may be talk of the town when it comes to cutting edge innovation, it’s the solutions that increase operational efficiencies on a daily basis that really make the difference. For example, retailers that utilise Distributed Order Management (DOM) gain advantages in optimising order fulfilment across multiple channels and systems. This can be applied between multiple supply chain parties using a single, global view of stock. By basing on the best operational cost, retailers can improve their customers shopping experience by delivering what is most suitable for them.

With recent developments in self-service technology, innovative solutions are being used to deliver an unrivalled experience for customers. In January this year, Amazon launched Amazon Go – its checkout-free, walk-out store in Seattle which utilised the same technology used in self-driving cars and deep learning algorithms. Meanwhile Macy’s offers lookbook displays offering touch screen technology, enabling customers to find outfit inspiration and check stock availability. Whether applied at the checkout or for customer service purposes, self-service can streamline and speed up processes, reduce queue times, and equate to an enhanced customer experience.

There are a myriad of new solutions being developed and announced on a daily basis. However, having the greatest, most advanced technology in the world means nothing without the operational structure, strategy, or relevant skillset to use it in the appropriate manner. In order to ensure your tech solution drives revenue and positively impacts the experience of your customers, it should solve real-life challenges. Those that consider multiple points of the shopping journey will yield even more value add.
Consumers are adapting to a one-swipe lifestyle and are expecting similar levels of ease during their shopping experience. Predictive apps are a major area that engage with consumers in a proactive and personal way, making it easier for them to find what they want, when they want it. **Net-a-Porter Group** has been experimenting with AI since 2016, and today uses image-recognition in its app to recommend products similar to those customers have been browsing on its sites.

The luxury retailer is also currently developing a virtual personal stylist system that learns which combinations of clothes work for an outfit. Using a customer’s purchase history, it makes cross-referenced suggestions – offering a highly personalised and simple way for customers to extend their wardrobes.

Aiming to enhance the in-store shopping experience, **Harrods** integrates personal shopping and a loyalty card service into its app, as well as functionality to help customers navigate around its London store.

The luxury retailer recognises the importance of its store in delivering the ultimate brand experience, and as such is utilising digital technology to help customers move through the store more easily at peak times.
It’s all about having personal relationships with the store. There is no length we won’t go to for our customers—from securing the most coveted products from leading luxury brands to creating inspiring concepts in-store and making sure our customers have whatever their heart desires, no matter where they are in the world.

Michael Ward, Managing Director, Harrods
The tools available in Microsoft Dynamics 365 enable retailers to provide exceptional service, and create seamless commerce and omni-channel customer experiences.

In an era of the empowered consumer, Microsoft is empowering retailers to create amazing customer experiences through intelligent operations; driving business success today and into the future. Here’s how:

**Customer engagement**
Understand and engage with your customers throughout their shopping journey and get a 360° view of all their engagements with you across all your channels.

Customer profile, history, preferences that follow across channels, cross-channel customer sales reports, and targeted promotions based on customer segmentation enable you to holistically understand and respond to the needs of your customers at every level of engagement.

**Merchandising**
Utilise a robust set of core product, pricing, and promotions management capabilities to meet merchandising needs for your business.

Merchandising entities and constructs are consistent across channels and channel types, while at the same time allowing for channel-specific configurations. Best price algorithms automatically calculate the best price during checkout if multiple discounts are applicable.

**Unified commerce, order and inventory management**
Unified data entities and business logic across all sales channels allow your business to offer seamless omni-channel experiences for your customers.

Inventory management capabilities such as automatic replenishment allow you to maintain optimal inventory levels in your stores and warehouses more quickly.

**Modern store operations**
Manage your stores more efficiently, help increase sales, adapt to changing needs, and provide outstanding customer service by implementing the latest technology, tools, and innovation.

The unified point of sale app enables modern, role-tailored, rich, and immersive experiences entailing client scenarios as well as a broad range of traditional transactional capabilities.
**Workforce management**

Dynamics 365 for Retail enables a globally diverse workforce to be productive and to provide the best customer experience. Administrators can easily manage many workers to safeguard system access and company data, while simultaneously providing store associates with a productive and personalised experience whilst using the system.

**Intelligence and analytics**

Role-based personalised workspaces, advanced data analytics, and visualisations using Power BI, along with BI reports available directly at POS ensure your employees have access to the right data to drive business decisions. Machine learning-based intelligence capabilities provide an unprecedented level of operational capability by contextually weaving intelligence into existing operational scenarios.
See what your business can gain by harnessing the power of Microsoft Dynamics 365 to maximise convenience for your customers.

Sources: Dr. Zimmerman | Shop2Mobi | Accenture | Pure360 | Insider Trends | Wharton | Jing Travel
Underpinned by 25 years of industry and Microsoft Dynamics expertise, we’re enabling some of the largest retailers in the world to connect complex business functions and deliver a truly customer oriented experience. Microsoft Dynamics makes it easy for retailers to operate across multiple locations and countries by standardising processes, providing visibility across the organisation, and helping to simplify compliance. Visit HSO.com to discover more about Microsoft Dynamics 365 for Retail and HSO.