Retail Rebooted:
Providing Next-Generation Customer Experience

Integrated IT is a key differentiation for retailers that care to offer a real-time immersive experience to the shopper

Today's digital shoppers do not follow the same 'rules of the road' that they used to. An overwhelming majority interact with brands or products through digital before arriving at the physical store – if they go to the store at all. These customers do their research online, identify the products they want to purchase, and even select the stores and departments they want to visit.

New technologies are threatening scale as an absolute differentiator: digital access has driven down the cost to the consumer of shopping across multiple retailers. With digital – choice is becoming a commodity. As new competitors arise and focus on specific categories, at-scale retailers must work even harder to remain relevant in their core categories. Customer engagement is becoming the new business differentiator.

To succeed in capturing the sale, retailers need to find ways to compete for a position in the consideration set earlier in the customer journey. They should focus on designing and building customer experiences that play to how their customers are shopping for their products – not just pointing consumers to purchase if what customers really seek is inspiration or information. The digitally-enabled path to purchase is truly not just about the 'buy' button anymore. How do you accomplish this, and more? Let's look at these use cases that combine variables of messaging, integration and APIs to unlock the potential for a retailer of the future.

The audience for this paper is a senior executive in an enterprise who drives the need for customer engagement and seeks to build the enabling information technology to support that e.g CMO, CIO. One that pushes the case for building solutions, whether it's planning architecture, digital innovation or how they can digitally transform. It is the intersection of LOB and IT.

Highlights

- The transformation of consumer industries is evident across some key areas: personalized marketing, product innovation, customer data monetization.

- Engaging the customer to enhance the shopping experience through personalization and relevance is the key to winning and keeping customers.

- Business units are increasingly relying on IT to integrate speed, agility, and the competitive advantage of AI-powered capabilities into how they deliver customer experiences.

- The CMO need to create a cohesive customer experience, supported by latest technologies.

Every CMO today is now in a continuous conversation with customers. Due to digital disruption, changing consumer behavior, and integrated technology, the role of the chief marketing officer is experiencing a renaissance. Instead of creating big-picture marketing campaigns, CMOs are now responsible for the entire customer experience. The CMO often owns customer experience from start to finish. This is more than just overseeing customer service and putting out fires when they arise — it involves managing the contact center, understanding customer intentions, applying new technologies like AI and machine learning, and creating a cohesive customer experience.

Digital innovation is shaking up consumer industries: shifting power from brands to consumers, moving value from traditional players to digital insurgents and putting the consumer in the driver's seat.

The transformation of consumer industries is evident across some key areas: using data to create more personalized marketing strategies and contextually relevant communication; improving effectiveness of product design processes; leveraging digital platforms to connect with consumers and crowdsourcing innovation; and monetizing consumer data by sharing with other industry stakeholders. Connecting external data with the enterprise CRM data to gain better insights as to how those elements will impact clients, is vital to this transformation. It enables one to have a full picture of where and how different events are impacting their customers, and the company bottom line.

Every day, your retail environment grows more complex, with more systems and services that need connection. You are pressured to stay current with your organizations digital transformation, as well as the latest in innovative technology and agility. But how do you manage this tidal wave of change? You have silos to overcome, secure messaging to implement in order to meet global privacy regulations, and speeding up the transaction of business is crucial.

IBM solutions for the retail industry introduce simplicity, as well as security, innovation and agility. These solutions enable a simplified single view of consistent data with real time encrypted secure messaging for all transactions. Digital is the new omni-channel. Don't get left behind or get ambushed by digital disruptors. See how you can stay competitive with these use cases.

Engaging the customer to enhance the shopping experience through personalization and relevance is the key to winning and keeping customers. A unified commerce platform, along with real-time retail, is the solution to support this seamless customer experience.

1. Product and physical store-front discovery

Customers often buy things when they want it at the most convenient outlet. Stores constantly bring in fresh merchandise based on demand and want to be the first choice at the time when the customer needs it.

APIs have become key to ensuring consistent shopping experiences across multiple retail channels. The most common retail services exposed as APIs include: store locator services, which help online buyers discover physical storefronts; product catalogs, which shoppers search for and learn more about products and services; and order services, which help users place and check the status of their online orders. Customers can take a quick picture of something someone is wearing, and a store-app will find that product at the nearest store and the order can be placed within the app itself. Secure messaging is needed to ensure security of personal data and transaction data involved.
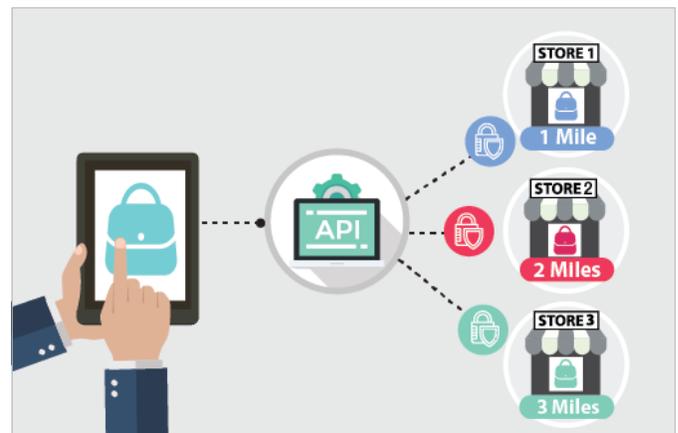

Figure 1: Store locator API's enable the user to find the closest store where a product is available, in a secure manner.

2. Campaign Personalization

Multi-channel retailers endeavor to give their customers the most immersive shopping experiences possible. Their customers' online experiences are increasingly location-specific and tailored to each shopper's identity and buying history.

Evolving from traditional retail and web commerce to mobile and omnichannel business models requires APIs that can bridge traditional business processes and modern services for richer user engagement. APIs make it economically practical to create, deploy and track highly targeted promotions and campaigns that truly engage consumers and get them to experience your products and services more deeply and personally. Data exchange in a real-time and secure manner can be enabled by a cloud based messaging system. 34% of consumer products executives believe hybrid cloud enables them to meet customer expectations more readily[1]

- Directed advertisement based on customer demographics, which is determined anonymously and while respecting viewer privacy, can motivate a customer to buy a product. APIs can select which ads to show individual customers after orchestrating data from their mobile phones, web browsing, and social media interactions, thereby dramatically improving the relevancy of advertisements.

- Dynamic merchandising can provide real-time monitoring of item-level sell-through rates for individual perishable items in-order to calculate how much inventory is needed for a given store each day and make dynamic price adjustments that eliminate overstocks and rebalance supply to demand.

- Smart Shelves with aisle displays can direct shoppers' attention to specific products and promotions.

- Gamification turns traditional one-way communication into an interactive game where the customer is an active participant.

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3. Offer flexible fulfillment options

Driven by the ubiquitous use of mobile devices, the customer journey transcends channels and the customer expects the shopping experience to be seamless. Consumers think in terms of a brand – not channels.

Omnichannel retailing needs tightly coupled inventory visibility for brick-and-mortar stores and corporate web sites. It conducts sales transactions across channels in a way that ensures prices, promotions, and inventory views are the same regardless of the shopping mode. Secure messaging ensures integrity across all transactions and ecosystems involved and ensures once-and-only-once delivery of messages.

4. Facilitate purchase decision making through interactive experiences and assisted selling tools

In many cases, the physical store is falling short of meeting customer expectations for personalization. Customer expectations have been reshaped by the digital retail experience. They receive personalized offers when shopping online or via mobile that they don't tend to receive when they shop in a store. This is an area of opportunity for retailers as digital and physical retail converge and the key to personalizing the experience is identification of the customer as soon as they enter the store.

Stores can provide customers access to virtual inventory, which keeps customers in the store and away from the competition, as an alternative to sourcing and warehousing large levels of inventory. Once the customer places the order, the product is then directly delivered to the customer residence.

- Retailers can equip sales assistants with devices loaded with helpful, up-to-date product information, an ideal tool for consultative selling. This digital experience can help facilitate an in-depth product discussion between sales associates and customers leading to a trusted purchase.

- APIs tend to make checkout experiences a lot faster and easier and have increased the conversion rate.

- Other API examples in this genre include price comparison, loyalty programs, rewards and in-store delivery and returns.
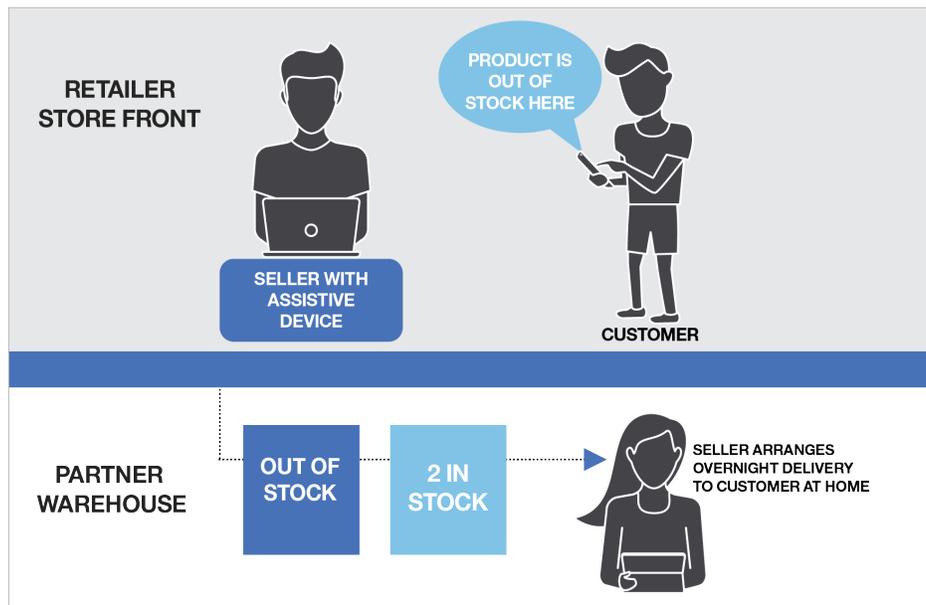
[1] *The IBM Institute for Business Value Hybrid Cloud Survey 2016*

Figure 2: Stock-outs are handled by API's by placing the order at an alternate store or a partner store

5. Hyper-local demand sensing: Micro and dynamic segmentation

Increase marketing effectiveness by leveraging hyper-local, real-time, and forecast weather data at the store and customer level for better targeting and uncover new revenue opportunities, optimize inventory investment and be relevant to consumers.

Every city is unique with its own highly localized collection of people, places, events – and data. The data is everywhere, including social media, the news, weather and more. This data can be processed into actionable insight to unlock new opportunities. 39% of companies that have integrated clouds say their data has become a competitive advantage or strategic asset[2]. Based on a cloud-service that applies cognitive computing to hyper-localized data sets, accessed through APIs, to harness the pulse of a neighborhood. can dynamically respond to consumer demand, such as making sure that popular flavors of ice cream stay in stock or that batteries are shipped to areas anticipating severe weather.

And, APIs can be used to push advertisements for the ice cream to potential customers on a hot day or push advertisements for batteries in preparation for the storm. Bottlers can identify optimal placements for vending machines, product mix recommendations and dynamic pricing based on hyper-local external forces such as weather and local events. 36% of consumer products executives believe hybrid cloud provides opportunities to reach new consumers or enter new markets[3].

Retailers can monitor real-time social sentiment across store locations, act early to identify trends and have their supply chain automatically respond and avoid out of stock situations. Understanding city dynamics enables companies to unlock pockets of growth and generate significant economic value at the neighborhood level. Watson APIs can ingest and curate high volumes of data and deploy advanced algorithms for targeted business actions. Thus, delivering intuitive actions across devices, including mobile, with seamless integration to business systems.

[2] *The State of Salesforce ,Bluewolf's annual report 2017–2018 (insights from over 1,800 customers)*

[3] *IBM Institute for Business Value Hybrid Cloud Survey 2016*

6. Customer Service Center

Customer service is becoming a business differentiator. Retail service centers are strained and would benefit from a digital strategy that eliminates manual processes in customer care, billing, and tech support to satisfy customer inquiries in a cost effective, efficient way.

1. IBM Watson based APIs, enable intelligent digital assistants and virtual agents that answer your customers' questions, responding to their needs quickly and efficiently.

2. Support tickets can be submitted through multiple channels and are all handled in one place to provide a unified view of the customer. This technology is gaining rapid acceptance with sales personnel. About 34% of salespeople say they can run an entire sales cycle from using only their phone or tablet[4].

3. The interaction data can be integrated with Salesforce for smooth handover between intelligent digital assistants and live agents

7. Loyalty programs

In retail, APIs enable the creation of personalized, seamless, app-powered digital experiences for customers. They let you adjust on the fly to the incessant changes in customer preferences and market conditions. And, when coupled with new predictive technologies, they enable the incorporation of a customer's recent history of interactions with your brand to extend offers that anticipate their wants and needs and thus enhance loyalty.

Loyalty rewards programs incentivize current customers to spend more and draw in new customers with the promise of a return on their investment.

1. APIs enable app-powered digital experiences for customers and can aid the integration and remote management of customer loyalty programs and other targeted promotional campaigns in cross-platform marketing applications.

APIs connect an application with a rewards platform that supports loyalty points management, wallet, referrals and gamification. These offers and experiences can be customized based on analytical profiles of historical payment transactions.

2. APIs also enable the integration of custom attributes like customer profiles, custom events and checkout systems that effectively reward loyalty program members.

3. To facilitate the exchanges of information effectively between multiple partners one needs a single messaging solution for cloud, mobile, Internet of Things (IoT) and on-premises environments integrating them in the program, managing points and stored value, and APIs to interact with all the different vendors.

8. Mobile wallets

With consumers becoming increasingly attached to their smartphones and accustomed to carrying out a very wide range of activities on these devices, brick-and-mortar retailers and restaurants looking to the future need to be able to accept payments from mobile wallets. APIs have already made their mark in mobile commerce through easy to use APIs that enable developers to add in-app or e-commerce functionality to their apps. By turning your app into your wallet, a merchant can control all aspects of consumer experience end-to-end. Communication with the consumer can start at home, before they even leave for the store.

Retailers can deliver personalized offers to consumers inside the store, and allow consumers to make "one tap" mobile payments sending payment, coupons and loyalty information to the merchant POS system in a single tap of a phone.

With a one-time integration, an API based wallet is activated across the retailer's website, mobile website, apps, and offline point-of-sale terminal. The interface being highly scalable offers superlative transaction experience even during high load and sudden surge in traffic on the retailer's platform. Secure and reliable messaging, the integration layer, and secure exposure of APIs help make this new payment methods possible.

[4]*The State of Salesforce , Bluewolf's annual report 2017–2018 (insights from over 1,800 customers)*

Conclusion

A proactive approach to innovation is needed to keep in step with customers' expectations in the digital business era. Business units are increasingly relying on IT to integrate speed, agility, and the competitive advantage of AI-powered capabilities into how they deliver customer experiences. The need for digital transformation is now at the forefront of driving customer interaction through tech-based initiatives, such as improving data management capabilities for proactive customer engagement, and leveraging structured and un-structured data through advanced analytics. 69% of IT professionals have either invested in a strategic digital transformation initiative, or plan to within the next 12 months[5]. Some of the toughest issues plaguing today's retail environments can be addressed to a large degree with a focus on digital customer engagement through the effective use of: application management, messaging and APIs. To learn more, download the IDC Report, *The Urgent Need for Hybrid Integration*, or go to the IBM Cloud Integration website to learn more about IBM's view on multi-cloud integration.

Schedule a call from an expert

Author:
Joel Pinto
Marketing Leader, Retail Industry - Hybrid Cloud Integration, IBM
joelpinto@in.ibm.com

[5] *The State of Salesforce , Bluewolf's annual report 2017–2018 (insights from over 1,800 customers)*