



Ready to engage with tomorrow's shopper?

How retailers can distinguish themselves

Executive Report

Retail

How IBM can help

At IBM, we collaborate with our clients, bringing together business insight, advanced research and technology to give them a distinct advantage in today's rapidly changing retail environment. Through our integrated approach to business design and execution, we help turn strategies into action. With a comprehensive portfolio of retail solutions for merchandising, supply chain management, omni-channel retailing and advanced analytics, IBM helps deliver rapid time to value. With global capabilities that span 170 countries, we help retailers anticipate change and profit from new opportunities. For more information, please visit: ibm.com/industries/retail

Transforming retail

The past 15 years have brought a slew of changes to retail. Technological innovations, shifts in consumer lifestyles and the growth of global markets have introduced new opportunities – and new challenges. Blurred industry boundaries have enabled new players to join the retail game. The winners will be those retailers that not only meet customer expectations, but also anticipate and shape them. The retailer of the future will embrace technology to create innovative solutions that extend the customer relationship beyond the shopping experience. In this report, we share strategies to help retailers reimagine the business for the future.

Executive summary

Retail is one of the world's most dynamic and competitive industries. Like many industries, it is feeling the effects of powerful economic, demographic and technological factors, which are driving change across the board. Retail is experiencing a metamorphosis of sorts, as it confronts disruption from new market entrants that are taking advantage of low startup costs in an attempt to steal market share. The industry is also adapting to a radically different world of shopping inhabited by consumers willing to try new things. Today, consumers can shop everywhere all the time – on the couch at home, between meetings at work or riding on the subway. And they shop using a variety of channels, including stores, kiosks, phones, tablets, computers, televisions, game platforms and, soon, virtual and augmented reality devices.

We believe a comprehensive reimagining of business strategy and operational capabilities is necessary for retailers to chart a course for success in the future. However, new strategies, technological innovations and customer-centric omni-channel operating models should be combined with old-fashioned business acumen. The challenge is determining how to provide the optimal omni-channel shopping experience for each individual customer in the most profitable manner.



Leading retailers will **anticipate, shape** and **exceed customer expectations**, as opposed to simply meeting them.



Personalization of the **shopping** experience will be a key **competitive advantage** for the foreseeable future.



Tomorrow's retailer will remain **agile** while delivering a **seamless experience** across channels through a **digitally integrated** infrastructure.

In this report, we reveal business imperatives to help retailers improve their capabilities to provide the ideal customer experience and prosper against the competition. Based on our industry experience and insight into consumer omni-channel shopping expectations, we believe the successful retailers of tomorrow will be those that focus on three key strategies today:

- Combating new, disruptive entrants to retail by reimagining the industry with an eye toward future relevance and value for empowered, digitally savvy consumers.
- Providing customers with personalized, differentiated shopping experiences leveraging new technologies that enable assistance at scale to help customers make informed purchasing decisions.
- Creating a digitally integrated enterprise agile enough to respond to evolving customer expectations, business priorities and technological innovations – and robust enough to support current and future operations.

Retailers under pressure

Retailers are struggling to shield themselves against potential impacts from shifting economic, demographic, technological and industry trends:

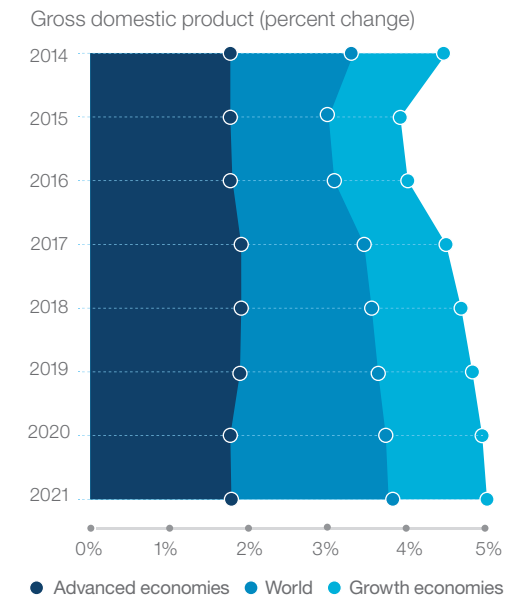
Economic factors: Continued uncertainty and economic insecurity have consumers in some mature markets spending more carefully. Many growth markets, however, are experiencing a rise in consumer spending as more individuals escape from poverty into the middle class. Forecasted GDP percentage growth rates for growth markets far outpace those for advanced markets (see Figure 1).

Demographic trends: Populations are aging around the world.¹ At the same time, Millennials in the United States have overtaken Baby Boomers as the nation's largest living generation.² For digital natives (both Millennials and Generation Z), using mobile and social technologies, having data readily available, and instantly communicating and collaborating are second nature. To align with changing generational lifestyles, the digital consumer experience will evolve in ways yet to be defined – and retailers need to be poised to respond accordingly.

Technological innovation: More than 70 percent of the world's population will have a mobile subscription by 2020, according to a recent GSMA report.³ Mobile device proliferation will continue to increase mobile engagement for both retailers and consumers. In addition, the advancement of data science, cognitive computing and the Internet of Things (IoT), particularly in the physical store environment, will enable retailers to leverage greater insight from both structured and unstructured data. This will allow enormous advancement in personalizing the omni-channel shopping experience.

Figure 1

GDP growth rates for growth markets are expected to be more than two times higher than those for mature markets



Source: International Monetary Fund website. World Economic Outlook database. April 2016.

Industry shifts: Customer shopping expectations will continue to evolve as purchasing experiences in other industries shape expectations across all retail sectors. Interactions between retailers and consumers will become even more collaborative and personal, improving consumers' experiences and relationships with retailers. In addition, the lines between industries will increasingly blur, and retailers will have to confront the impact of a range of market disruptors such as Amazon, which has taken the retail industry by storm – without any retail stores until recently.⁴

To prosper in the market of the future, we believe retailers must reinvent the retail value proposition, leverage new technologies to better personalize and differentiate the consumer shopping experience, and build an agile yet robust digital infrastructure. The era of industry-wide solutions is over. Although there are still industry-wide concepts, such as digital transformation and agile infrastructure, the manner in which these come to life will be different for different retailers. A solution that works in one sector may not work in another. An agile yet robust digital infrastructure will enable retailers to respond to changing requirements while supporting current and future omni-channel operations.

At the same time, retailers need to get back to basics. For example, they need to know customers' wants and needs intimately, satisfy customer expectations for mobile access to product and inventory data, ensure items are in-stock, facilitate easy product pick up and return, and provide a consistent shopping experience regardless of channel.

Combating disruptors

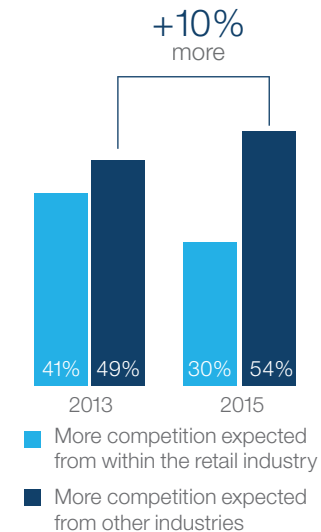
Barriers to entering the retail arena have greatly diminished with the rise of digital transactions and online commerce. Established retailers increasingly face competition from outside the industry, with retail enterprises potentially rising from anywhere at any time (see Figure 2).

Many of today's retailers are watching market share slip – stolen by smaller, niche retailers or unexpected new market entrants – while also contending with changes in consumers' ideas relating to value and engagement. A key challenge for retailers, disruption can stem from circumstances and events occurring both within and outside the industry:

- Technology makes retailing truly a global affair, connecting customers with retailers across the world. Disruptors are leveraging technological innovation to generate new retail business models and revenue streams.
- There has been a convergence of customer experience expectations across industries. Consumers are encountering enhanced shopping and service experiences in many different aspects of their lives – and they expect these to be replicated in retail.
- Lines between retail formats and sectors are eroding as established retailers expand their portfolios, product catalogues and range of services in an attempt to remain competitive and lure customers from one another.
- Consumer product players across the value chain are bypassing retailers by linking directly with consumers, encroaching on what used to be exclusive territory for retailers.

Figure 2

Retail executives are more concerned about outsiders invading the retail space than competition within the industry



Source: IBM Global C-suite Study retail industry data. IBM Institute for Business Value. November 2015.

To swiftly recognize and adapt to new threats and opportunities, retailers need to build agility and resilience into their organization. They should think about how changes to business models, technology and approach to innovation can improve customer satisfaction and competitive performance. The adaptive retailer will strive to stay ahead of new entrants' abilities by identifying which opportunities for change offer the best ROI potential and greatest benefit for target customers.

Winning retail formulas may have short expiration dates. As such, retailers must embrace aggressive creativity and continually reinvent themselves in response to changing consumer expectations and other geo-political, economic and technological factors. We offer the following recommendations for retailers as they combat the various disruptors confronting them:

Unlock social media

A vital weapon in the successful retailer's arsenal, social media provides a gateway to customers' and potential customers' views, aspirations and life experiences. By integrating customer analytics with behavioral data mining, retailers can leverage the wealth of unstructured data that social media can provide to help tailor the optimal shopping experience for each customer. Social media can also help retailers recognize and keep abreast of market disruptions and new entrants that could threaten their position.

Experiment to innovate

Developing and implementing new business models requires innovation and ideation. Change needs to align to a future experience vision that is centered on the expectations and lifestyles of customers. However, few retailers are effectively involving customers to identify new trends, preferences and innovative technologies. We suggest retailers adopt a more experimental approach to business transformation steeped in the principles of design thinking.

This requires cultivating a culture of innovation that allows room for both success and setbacks. Some retailers have embraced customer-centric experimentation in the form of innovation labs, which can help them more rapidly bring new solutions to market. For example, the John Lewis Partnership launched JLAB, a startup accelerator that has fostered a number of innovations for the retail business.⁵

Embrace collaborative retailing

Retail CEOs will have to reconsider the ways in which they cooperate and interact with customers, suppliers and even competitors. A new ecosystem of partners will collaborate, using one another's systems, processes and data to solve problems and drive new business models. As part of an ecosystem, retailers can share costs or take risks that might otherwise be too great for one company. In fact, participation in retail ecosystems will be critical, as retailers, manufacturers, third-party logistics companies and other service providers align their business processes and data in real time to enable faster time to market and the optimal omni-channel customer experience.

2016 Customer Experience Index

The IBM 2016 Global Customer Experience Index (CEI) Study assessed the capabilities of 550 bricks-and-mortar and pure play retailers spanning eight different retail segments in 23 countries across the world. Using a common set of criteria, the study sought to determine how effectively these retailers were meeting customers' omni-channel shopping experience expectations. The survey was undertaken from the smarter consumer's perspective, with mystery shoppers making real transactions in every channel.

For more information, please visit:

ibm.com/industries/retail/customer-experience

Shaping customer expectations

As consumers experience innovative customer-service solutions across all industries, their expectations for retail shopping continue to skyrocket. Retailers need to stay on top of evolving expectations and adapt in a swift and agile manner. However, the most successful retailers will stay ahead of the curve by actively shaping customer experience expectations rather than merely reacting to them.

Unfortunately, delivering an authentic integrated omni-channel shopping experience is still a distant aspiration for a majority of retailers, according to the most recent IBM Consumer Experience Index (CEI) study (see sidebar: 2016 Customer Experience Index).⁶ Historically, retail success has centered on the 4Ps: Product, price, placement and promotion. However, this focus is shifting due to a number of factors, including the evolving retail value proposition, retailers' attempts to better align their models with customer needs, and emerging technology such as cognitive computing. Going forward, as retailers strive to meet customers' cross-channel expectations, their capabilities will be built around the 4Cs:

- Consistency: Deliver a seamless shopping experience across all channels.
- Content: Provide customers and associates easy methods to gain accurate and comprehensive information.
- Convenience: Enable customers to interact with you as they choose.
- Contextual: Tailor each engagement based on individual needs and wants.

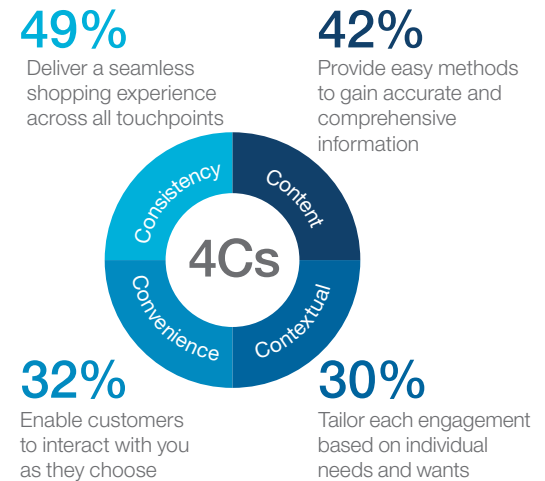
CEI study results reveal that retailers have some work to do to build these capabilities (see Figure 3). The study analyzed mystery shoppers' experience ratings for specific capabilities associated with the 4Cs to determine a percentage score for each area. The average score among retailers was under 50 percent for each of the 4Cs, with the highest average score in consistency and the lowest in contextual.

Building these new capabilities will require a shift in priorities and strategies. A large part of this will involve strengthening the consumer relationship with the brand. Developing a deeper understanding of individual consumer's preferences, behaviors and expectations helps retailers offer richer, more tailored experiences. Personalization of the shopping experience – driven in part by knowledge gained beyond the shopping experience – will be a key competitive advantage.

Customer shopping expectations will continue to evolve across retail sectors. There will be a blurring between online and offline channels, as customers move between multiple channels on multiple devices as part of a single transaction. More collaborative and personal interactions will help improve the brand experience, as well as the relationship between retailer and consumer. And new cognitive technologies will unlock a much wider seam of consumer data, enabling retailers to interact in highly personalized ways.

Figure 3

Retailers need to strengthen capabilities for improved consistency, content, convenience and context



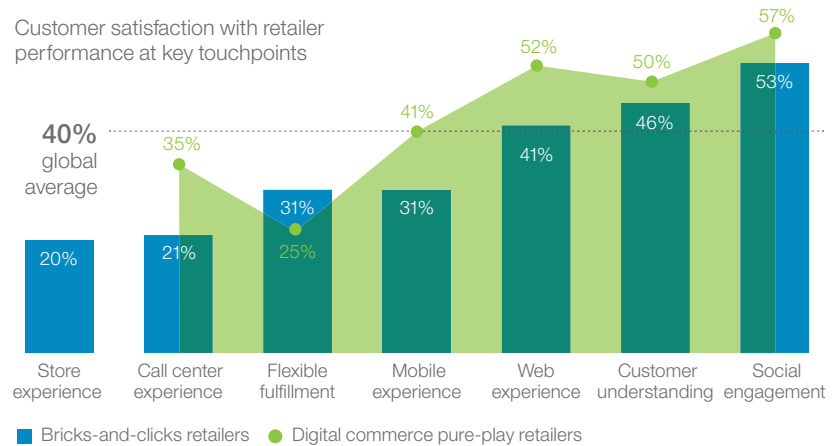
Source: "IBM 2016 Global Customer Experience Index." IBM Consumer Industry. IBM 2016. <http://www-935.ibm.com/industries/retail/customer-experience/>

Note: A retailer's ability to shape customer expectations is primarily governed by consistency and contextual capabilities. The ability to create a digitally integrated enterprise is reflected more by content and convenience capabilities.

Customers are looking to retailers to support their navigation of the digital maze. This includes offering new ways for consumers to get the data necessary to make informed purchasing decisions, regardless of channel. Retailers need to provide, at scale, a tailor-made customer experience whether on line or in-store. CEI study data suggests that customers are disappointed by the service standards they experience in the physical world (see Figure 4).⁷ Bricks-and-clicks retailers will need to up their game in the real world or lose out to their online competitors.

Figure 4

Customers are disappointed with the service experience provided by bricks-and-clicks retailers



Source: "IBM 2016 Global Customer Experience Index." IBM Consumer Industry, IBM 2016.
<http://www-935.ibm.com/industries/retail/customer-experience/>

Another way retailers can be proactive in shaping customer expectations is by embedding themselves in consumer lifestyles to gain unique insights and spot needs before customers even realize them. Success, however, requires access to consumer data, which in turn requires consumer trust in the brand. Without trust, retailers will be unable to secure customer loyalty or advocacy.

To effectively shape customer expectations, we suggest retailers center their business strategies around these concepts:

Know what customers want

Recognize the shared aspirations of target customers, which can serve as a guiding light for strategic decisions and execution. Embrace cognitive computing capabilities to glean deeper insights to improve understanding and consistency. Strategic investment in understanding consumers' needs and tailoring the rest of the organization to meet those needs will help retailers stand out in a highly competitive market.

Anticipate what customers need

In the experience economy, consumers dedicate a growing portion of their spending power on experiences rather than ownership. Those items customers do choose to own are increasingly customized. The advent of technologies such as 3D printing further expands the options for individualized items that enrich the ownership experience.

More and more consumers want shopping to be an event experience in its own right. Retailers need to provide the “wow!” factor for their customers, getting ahead of the expectations curve and making themselves stand out. There is a growing trend involving consumer classes or clubs that meet in stores to focus on health and fitness, cooking, etc. The opportunity to interact with other consumers can enrich the shopping experience and allow retailers to become part of the customer’s lifestyle, beyond the basic transactional relationship. Customers want more interactive, engaging online and real-world retail environments where the store environment and augmented reality play key roles.

Put customers at the heart of everything

The traditional notion of a universal, linear shopping journey that all consumers dutifully follow is outdated. Retailers’ systems must be able to adapt to the varied – and sometimes conflicting – needs of different shopping journeys. Highly advanced personalization capabilities and real-time cognitive data analysis will enable retailers to move beyond segmentation based on limited generational and other socio-demographic factors, helping them offer individually tailored customer journeys.

Omni-channel retailing is already evolving into a model in which the customer is considered the only channel. Empowered customers will drive the evolution of shopping. The challenge for retailers will be following consumers’ morphing shopping habits as their brand allegiances change according to needs and preferences.

Creating a digitally integrated enterprise

The one constant between today and tomorrow will be an ongoing evolution of the industry as it continually adapts to maintain relevance and value for consumers. Although we believe retail will continue to exist as a distinct entity in the future, it will be in a radically altered state.

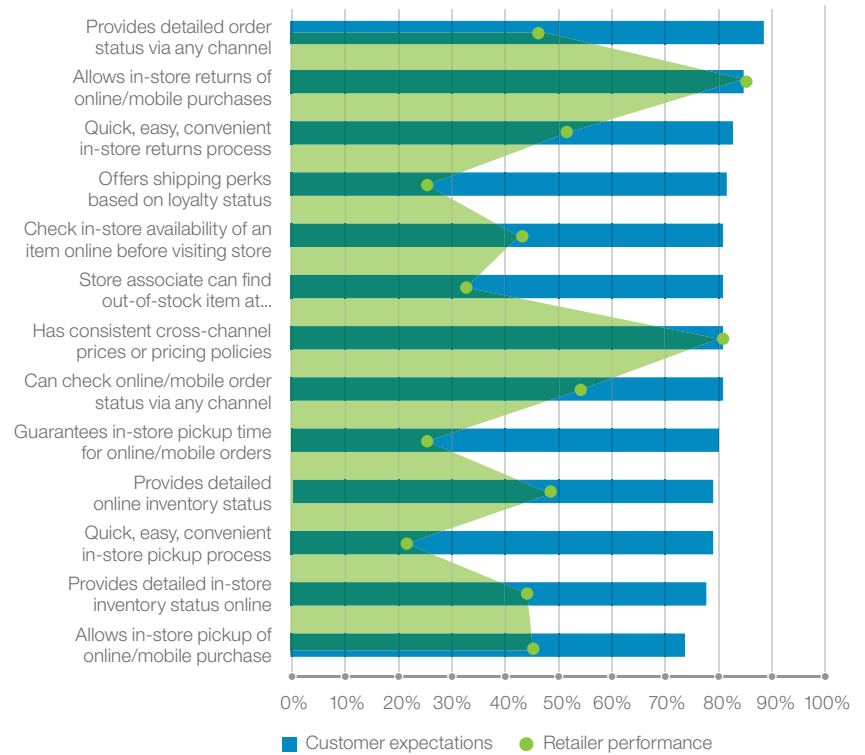
Retailers have an opportunity today to think about what the new business models should look like. They need to determine how to redesign their supply and distribution networks and create an agile infrastructure that can also scale. They also need to shift business metrics and key performance indicators (KPIs) away from the transactional/store-based paradigm and toward a more customer-based one.

Retailers should migrate from a “digital company within a company” mindset to one in which digital is everywhere – in product, merchandising, marketing, selling/stores, supply chain, finance and IT strategies. This includes securing a digitally enabled workforce equipped with mobile technologies (smartphones, tablets and wearables) that provide easy access to customer and product data. By leveraging big data, analytics and cognitive capabilities, retailers will also gain deeper insights into a specific customer’s shopping goals, making associate interactions with customers far more valuable.

To prepare for tomorrow, retailers need to invest wisely today. At heart, retailers are reluctant to invest in unproven solutions. As the 2016 CEI study clearly revealed, retail is not a “first-mover” industry; almost 70 percent of participants were identified as “fast-followers.”⁹ Retailers are looking for proven value-add solutions with a healthy ROI rather than expensive window dressing.

Retailers should prioritize their solutions according to relevance and return. The most recent IBM Consumer Expectations Study reveals which shopping experience capabilities consumers consider most important. Matching that information with CEI study data revealed a performance gap for retailers (see Figure 5).¹⁰

Figure 5
Retailers need to close the gap between customer expectations and retailer performance



Sources: "IBM 2016 Global Customer Experience Index." IBM Consumer Industry. IBM 2016. <http://www-935.ibm.com/industries/retail/customer-experience/>; 2016 IBM Consumer Expectations Study data. June 2016.

To close this gap, retailers need to leverage their understanding of target customer needs and optimize investments that can help satisfy those needs, such as those that facilitate seamless and consistent omni-channel shopping experiences. Priority should be given to appropriate backend systems to help ensure that the end user experience is seamless across all touch points.

As they work to create a digitally integrated enterprise, retailers need to consider the role of technology in the future evolution of the store, as well as how they can better leverage technology to improve merchandising and supply chain operations:

Revitalize the role of the store

What function will stores serve that justifies their higher operation costs? Stores will represent an estimated 91 percent of total retail sales in 2016.¹¹ However, global retail e-commerce sales, accelerating faster than previously anticipated, are predicted to grow at double-digit rates through 2019.¹² As this growth begins to diminish store sales and growing operational costs cut into future profits, stores could become a burning platform for some bricks-and-clicks retailers.

The store concept will have to be rethought to provide customers with a sensory experience beyond the simple transaction. Stores will be more fluid, with pop-ups, mobile stores and other short duration formats becoming an important part of the mix. We believe different stores will perform different roles: Stores will either be showrooms, brand-marketing tools, warehouses or a graded combination of each. To help achieve this, online capabilities, like being able to monitor customer behavior in the physical world, should be replicated in store to drive customer experience capability standards.

U.K. retailer launches mobile tool to improve customer service⁸

Boots UK, the United Kingdom's leading pharmacy-led health and beauty retailer, has launched Sales Assist, a new tool to improve customer service. The unique mobile app integrates its digital and in-store presence and is designed to make it easier for Boots colleagues to look up product information, access online inventory and deliver an even better shopping experience.

Based on online analytics, Sales Assist allows Boots colleagues to quickly access product information, ratings and reviews and make recommendations based on popular searches, products that other customers have bought and up-to-date offers online. If a product is not in stock in store, the Boots colleague can simply use the app to locate the item in another Boots store nearby or offer to order the product online to be collected in a store of his or her choice the next day.

Sophisticated, value-add technologies should be deployed to better serve customers, as well as enable associates and improve operations. For example, beacons embedded in shelves and digital signage can track shoppers' mobile devices and generate location-tracking data, which retailers can leverage to gain insights on shopper traffic patterns. This can lead to enhanced shop floor layouts for a better customer experience. Store beacon information can open a window into customer behavior in the physical world and, when linked with a customer's online shopping habits, pave the way for a next-generation customer experience.

Store associates, performing a concierge role, can provide a unique point of difference. Retailers need talent management systems that can help identify, attract and retain suitable candidates that can provide the high level of service customers demand.

Associates with mobile devices can perform a multitude of tasks (operational, product research/comparison and payments, for example), improving efficiency and optimizing the time spent serving customers. In addition, many retailers are experimenting with robotics to enhance the novelty of a customer's experience or perform more basic tasks, allowing associates more time to focus on customer interaction. Robots can be programmed to assist both customers and employees, conduct routine checks (for example, planogram compliance and inventory/replenishment priorities), gather store-level data or provide a physical security deterrent.

Retailers should optimize the most satisfying features and personalization capabilities of online shopping in the bricks-and-mortar environment. These include interactive digital touch-enabled displays to play games or interact with social media communities, creative uses of virtual and augmented reality to enrich the store experience, and smartphone capabilities that allow customers to check inventory status and fulfillment options.

Rethink merchandising for the cognitive world

Consumers will continue to expect retailer guidance with regard to style, design and value, helping them define distinctive visions of taste and aspiration, as well as personal identity. However, that is only half the story: Retailers must seek to deliver both a differentiated experience and a differentiated offer. Retailers of the future will leverage enhanced merchandising capabilities to deliver an exceptional brand experience, seeking to gain customer loyalty and advocacy at the expense of competitors.

Merchandising has always been the “art” at the heart of retailing. In the future, savvy merchandisers will move from “designer” to “editor” to harvest, interpret and cull unstructured data to improve the early detection of trends and better understand why consumers are moving in various directions. They will also collaborate with customers, using social media tools linked to cognitive-enabled merchandising capabilities to develop new products and highly localized and tailored assortments. This will enable retailers to interact with individual consumers in rich, personalized ways at scale.

Optimize supply chains through technology

Supply chains (inventory visibility and fulfillment capabilities) are critical to delivering many of the elements of an omni-channel experience, as specified by consumers in our research. However, many retailers are trying to retrofit supply chains that were designed long before the advent of omni-channel shopping. Poor inventory control leads to serious problems, from reduced employee productivity to dissatisfied customers and lost sales, making it a top issue for many companies.

The supply chain of the future will require the incorporation of new technologies and cognitive analytics. The IoT, including devices like sensors, RFID and smart shelves, coupled with advanced analytics, should factor strongly in a retailer's supply chain strategy. IoT technology and analytics solutions can enable supply chain components to connect to the network, allowing greater visibility and precision in inventory movement and further advances and efficiencies from the new forms of data produced. When real-time inventory data is fed into powerful analytics tools, retailers can maintain optimal stock levels and more accurately predict future demand for products. In addition, solutions that use weather and other data to predict local circumstances, events and trends can help retailers make last-minute adjustments to inventory levels and promotions.

Cloud computing will also play a key role in the future of retail by providing a basis for enhanced flexibility and potentially lower system costs. The use of cloud, along with advanced development platforms, could also facilitate quicker experimentation, piloting and deployment of new functionality and apps.

Are you ready for the challenges facing retail?

While it's impossible to know precisely what retail will look like moving ahead, we believe there will be a paradigm shift, changing the nature of retail. The mindset will expand from a "What do I sell?" perspective, where the primary focus is on physical products, to a "How can I better serve customers?" perspective that will help deliver more digital content in a global services economy. As you consider your organization's future, ask yourself these questions:

- Do you know who your customers are? Do you have the capability to personalize their brand experience? Can you change the way the business operates to better serve the customers?
- Are you ahead of the expectation curve? Do you really know what your customers want? Are you able to shape their expectations?
- Are you building the 4Cs into your future omni-channel strategies for the digitally integrated enterprise, including stores, merchandising and supply chain?
- Can you recognize disruptive threats, as well as opportunities, before they happen? What safeguards have you built for your business?
- Are you capable of adapting your business model and collaborating with customers and colleagues in a new retail ecosystem?

For more information

To learn more about this IBM Institute for Business Value study, please contact us at iibv@us.ibm.com. Follow @IBMIBV on Twitter, and for a full catalog of our research or to subscribe to our monthly newsletter, visit: ibm.com/iibv.

Access IBM Institute for Business Value executive reports on your mobile device by downloading the free "IBM IBV" apps for phone or tablet from your app store.

The right partner for a changing world

At IBM, we collaborate with our clients, bringing together business insight, advanced research and technology to give them a distinct advantage in today's rapidly changing environment.

IBM Institute for Business Value

The IBM Institute for Business Value, part of IBM Global Business Services, develops fact-based strategic insights for senior business executives around critical public and private sector issues.

Executive sponsor

Stephen Laughlin, General Manager, Global Consumer Industry, IBM Global Business Services

Contributors

Eric Lesser, Cynthia Coulbourne, Greg Tolman, Colm O'Brien, Karl Haller, Patricia Waldron, Benjamin C. Baker, Kathy Cloyd, Joni McDonald and Kristin Biron

About the authors

Simon Glass is the Global Retail Leader for the IBM Institute for Business Value. He is responsible for the development of thought leadership content and strategic business insights for the IBM retail industry practice. Simon has over 25 years of experience and has worked with major retail clients around the world in the areas of business strategy, omni-channel, transformational change and business model innovation. During the past five years, Simon helped develop IBM's Customer Experience Index studies. He can be reached at glasss@uk.ibm.com.

Mark Yourek is an IBM Global Solutions Leader for the Retail and Consumer Products industries. He is responsible for managing IBM's solution portfolio, working to develop solution offerings that effectively address client business needs across the retail enterprise. His current areas of focus include omni-channel retailing, digitization and the move to mobile/IoT, the use of analytics and big data to understand customers and relate to them in personal ways, and issues of digital security. Mark has 20 years of experience in the retail/distribution industries and has consulted to a broad range of retail clients globally. He can be reached at mark.s.yourek@us.ibm.com.

Sashank Rao Yaragudipati is the Retail Industry leader in the IBM Global Delivery Centre. He is responsible for developing and delivering solutions for retail clients globally, covering solutions across customer channels, digital transformation, cognitive enhancements, social sciences, supply chain and technical operations. In his 20 years of experience, Sashank has worked with multiple retailers globally, addressing challenges, implementing solutions and consulting in fit-for-future portfolios. He can be reached at ysashank@in.ibm.com.

Notes and sources

- 1 "World Population Ageing: 2015." Department of Economic and Social Affairs, Population Division. United Nations. 2015. http://www.un.org/en/development/desa/population/publications/pdf/ageing/WPA2015_Report.pdf
- 2 Fry, Richard. "Millennials overtake Baby Boomers as America's largest Generation." FactTank: News in the Numbers. Pew Research Center. April 25, 2016. <http://www.pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers/>
- 3 "The Mobile Economy 2016." GSMA. 2016. <https://www.gsmaintelligence.com/research/?file=97928efe09cdba2864cdcf1ad1a2f58c&download>
- 4 "The difference between Amazon and Alibaba's business models." Investopedia. August 2, 2016. <http://www.investopedia.com/articles/investing/061215/difference-between-amazon-and-alibabas-business-models.asp>
- 5 "What happened to John Lewis's favorite startups?" The Guardian. July 7, 2016. <https://www.theguardian.com/small-business-network/2016/jul/07/whatever-happened-john-lewis-favourite-startups>
- 6 "IBM 2016 Global Customer Experience Index." IBM Consumer Industry. IBM 2016. <http://www-935.ibm.com/industries/retail/customer-experience/>
- 7 Ibid.
- 9 "IBM 2016 Global Customer Experience Index." IBM Consumer Industry. IBM 2016. <http://www-935.ibm.com/industries/retail/customer-experience/>
- 10 "IBM 2016 Global Customer Experience Index." IBM Consumer Industry. IBM 2016. <http://www-935.ibm.com/industries/retail/customer-experience/>; 2016 IBM Consumer Expectations Study data. June 2016.
- 11 "Worldwide retail e-commerce sales: eMarketer's updated estimates and forecast through 2019." eMarketer. December 2015. http://www.emarketer.com/public_media/docs/eMarketer_eTailWest2016_Worldwide_ECommerce_Report.pdf
- 12 Ibid.

© Copyright IBM Corporation 2016

Route 100
Somers, NY 10589
Produced in the United States of America
September 2016

IBM, the IBM logo and ibm.com are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at "Copyright and trademark information" at www.ibm.com/legal/copytrade.shtml.

This document is current as of the initial date of publication and may be changed by IBM at any time. Not all offerings are available in every country in which IBM operates.

The information in this document is provided "as is" without any warranty, express or implied, including without any warranties of merchantability, fitness for a particular purpose and any warranty or condition of non-infringement. IBM products are warranted according to the terms and conditions of the agreements under which they are provided.

This report is intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. IBM shall not be responsible for any loss whatsoever sustained by any organization or person who relies on this publication.

The data used in this report may be derived from third-party sources and IBM does not independently verify, validate or audit such data. The results from the use of such data are provided on an "as is" basis and IBM makes no representations or warranties, express or implied.



Please Recycle

GBE03769-USEN-01

IBM[®]