

# Retail Trends Playbook 2020

Creating A Data-Driven, Intelligent Retail Model



# Introduction

Technology within the retail space has primarily served to ensure transactional moments were quick and efficient. Now, retailers have an unprecedented opportunity to go a step further and leverage data-driven and digital technologies to elevate the customer experience in more meaningful ways. From creating new products to delivering specialized campaigns, machine learning, analytics and other

technologies are empowering brands and retailers to understand their shoppers better and deliver differentiated, 1:1 experiences. As customers' expectations for best-in-class shopping increase thanks to the immediacy and personalized relationships crafted by retail upstarts and ecommerce giants, data-led intelligence are essential to thrive in this competitive landscape.

## About This Report

The Retail Trends Playbook 2020 is a report by business intelligence platform PSFK in partnership with Microsoft that presents key trends, best-in-class examples and strategies for executing intelligent retail with the aid of data-driven technologies. Supported with expert insights and key analyses of the global retail landscape and consumer needs, the Retail Trends Playbook 2020 will help brands and retailers define their strategic roadmaps for 2019 and beyond.

# Welcome To The World Of Consumer- Controlled Retail



There's never been a more exciting time to be in the retail industry. Shopping is no longer a singular activity or a special destination—it's always on and integrated into the fabric of consumers' daily lives. With the world's largest shopping mall in their pockets, customers are capable of making a purchase anytime, anywhere. Retailers and their brands have excelled at placing these purchase tools in their customers' hands, but now are going even further by transforming the retail model, from the factory to the store, to align with their customers' needs. The consumer is more in control than ever.

In the past, technology simply helped retailers do what they've always done, only better, faster and more effectively. Now, retailers are embedding tech into every step along the supply chain and purchase path. Each phase of the end-to-end retail experience—starting with production and continuing into sales and repurchase—now has the opportunity to be consumer-first and personalized.



*By: Shelley Bransten,  
Corporate VP of Global Retail &  
Consumer Goods at Microsoft*

Every aspect of retail operations has the potential to make or break the customer experience. Luckily with data-driven intelligence at their disposal, organizations can optimize four key pillars crucial to delivering a next-level retail experience—the ability to understand their customers, deliver an intelligent supply chain, empower employees and create a new retail model that centers around the products and services their customers crave. Retailers can transform data into dollars by using customer information to determine better marketing, service and product opportunities.



Of course, this data isn't powerful on its own. In order to arrive at this new era where the shopper is in the driver's seat, we need to unlock this information to ensure that every member of the organization—from manufacturing partners and warehouses to executives and frontline staff—has access to the right insights. Often acting as the face and personality of the brand for shoppers, in-store associates need to have key information at their disposal to better service shoppers, whether that means delivering high-touch, white glove service or simply helping customers get in and out of the store quickly.

Although on the back-end of retail operations, the supply chain still plays a crucial role in the merchandise a retailer offers, and consequently, if an item is available for purchase. Using data to gain a better end-to-end visibility of goods and moving into a predictive model of planning and forecasting prevents both out-of-stocks and bloated inventories.

For a snapshot of how customer-first retail can manifest, look at Microsoft's collaboration with Walmart. The retail corporation is tapping into Microsoft's full range of cloud solutions to reimagine retail for the customer, beginning with an Austin-based tech hub that aims to accelerate digital innovation. Whether it's training employees to respond to shoppers more effectively or creating a more resilient supply chain, Walmart is transforming their entire retail model to be customer-obsessed. Data-driven technologies are the holy grail for retailers, allowing them to leverage data

throughout the entire shopping journey to not only drive higher transactions and more valuable conversions, but nurture long-term loyalty through better customer experiences and more traffic.

But this shift to consumer-focused retailing is as exciting as it is competitive. Consumer data is the most valuable information a retailer can leverage, and they need partners who prioritize and respect that value. At Microsoft, we believe that every retailer owns their own consumer data, and we bring the largest ecosystem of partners because no one size fits all. This open ecosystem empowers organizations to optimize their customer relationships by delivering the experiences shoppers' desire.

Data intelligence is a key ingredient to the customer experience, but accessing these tools doesn't guarantee success. The roadmap to consumer-first retail begins by defining key questions about the brand, customers' needs and marketplace differentiation. Whether it's unlocking data silos to allow associates to deliver relevant service, enabling more actionable production forecasting or understanding the complete shopper journey from mobile to in-store, success in this new era is dependent on understanding and anticipating the needs of customers at every stage of the retail journey.

**Shelley Bransten,**  
*Corporate VP of Global Retail &  
Consumer Goods at Microsoft*



# Understanding Evolving Shopper Expectations

Today's shoppers prioritize exceptional customer experience. They're willing to provide their data to companies, but expect a higher quality experience in return. For retailers and their brands, this means delivering on the promise of personalization, expert service, always-available inventory and seamless cross-channel shopping. By enabling differentiated shopping journeys, customers can also feel that their relationships with brand and retailers is authentic.



## Today's Consumers:

# Are Comfortable Sharing Data In Exchange For Better Experiences

“Consumers are willing to share data with brands if they feel that the outcome will be a better product or experience. What’s most important is that brands first understand precisely what kind of information they need to deliver these consumer expectations and then be sure to let the community know that their feedback is furthering the evolution of the brand.”

Doug Stephens, Retail Futurist

63% of consumers surveyed are interested in personalized recommendations, and that the majority of them are willing to share their data in exchange benefits such as automatic credits for coupons and loyalty points (64% of those surveyed), access to exclusive deals (60%), the ability to gain points and rewards (56%) or special offers for items that interest them (53%).

Delivering For The New Consumer. RILA and Accenture, 2018

63% of US consumers say they’d share more information with a company that offers a great experience.

Experience Is Everything. PwC, 2018

## Expect Personalization At Every Stage

70% of consumers say a company’s understanding of their individual needs influences their loyalty, and 69% say the same of personalized customer care.

How Your Customers’ Expectations Have Changed in the Age of the Customer. Salesforce, 2017

91% of consumers are more likely to shop with brands who recognize, remember, and provide relevant offers and recommendations.

Personalization Pulse Check Report. Accenture Interactive, 2018

51% of consumers feel it is important to get a personalized experience across all digital channels within a brand.

2018 Digital Commerce Survey. BRP Consulting



## Today's Consumers:

# Want Knowledgeable Staff On-Hand For Service And Support

80% of customers say the experience a company provides is as important as its products and services.

State of the Connected Customer. Salesforce, 2018

79% of consumers say being able to engage with knowledgeable store associates is “important” or “very important.”

Tulip Retail Survey, 2017

# Prioritize (The Right) Product Availability

34% of global respondents say having the right product in stock was key, followed by 29% who said variety of products was most important to them.

Global Consumer Survey. JDA, 2018

68% of Gen Zers surveyed said a wide choice of products was the most important factor when choosing where to shop.

What do Gen Z shoppers really want? NRF & IBM, 2018





# Investing In CX: Making The Case For A Data-First Retail Strategy

To keep pace with heightened consumer expectations, retailers and their brands must first make key investments to improve their backend operations. That starts with a data-rich infrastructure that underpins their entire business, sophisticated analytics to extract meaningful insights and a cloud-based system for distributing them across the organization from supply chain partners to frontline staff. Even so, retailers can also make major strides to deliver an exceptional customer experience by determining one area to refine and improve—without the risk of overhauling their entire operations. With this foundation in place, organizations can define a successful model to improve their intelligent processes, while better positioning themselves to deliver an exceptional customer experience.



## Personalization Drives Sales

80% of consumers are more likely to make a purchase when brands offer personalized experiences.

The Power Of Me: The Impact Of Personalization On Marketing Performance. Epsilon, 2018

AI-powered recommendations can keep consumers coming back for more after their first visit. 37% of shoppers who clicked a personalized recommendation during their first visit came back, compared to only 19% of shoppers who didn't click a recommendation.

Personalization in Shopping Report. Salesforce, 2017

“Personalization is nothing but translating information into assistance. Over the next few years, \$800 billion in sales will shift to e-retailers that use site personalization, and away from those that don't.”

Kiran Mani, Managing Director of Retail, Google

## Data-Powered Warehouses Reduce Cost Of Ownership

Companies with fully integrated IT warehouses are outproducing non-integrators by 20%, mostly due to improved data access.

“IT resilience in warehouse systems reduces total cost of ownership.” Supply Chain Dive, 2017

78% of all retail respondents reported that supply chain efficiency helped their company performance. 96% of Retail Winners believe the supply chain is having a positive impact on their performance.

Supply Chain Management 2018: In Service of the Customer, Symphony RetailAI, 2018

Manufacturers spend \$100 billion annually on promotions versus only \$300 million on shelf management, yet shelf management represents 66% of sales and 85% of profits.

Supply Chain Management 2018: In Service of the Customer, Symphony RetailAI, 2018

## Consumers Spend More With Better Service

Consumers are willing to spend up to 16% more on products and services with companies that offer a better experience.

Consumer Intelligence Series: Experience is Everything. PwC, 2018

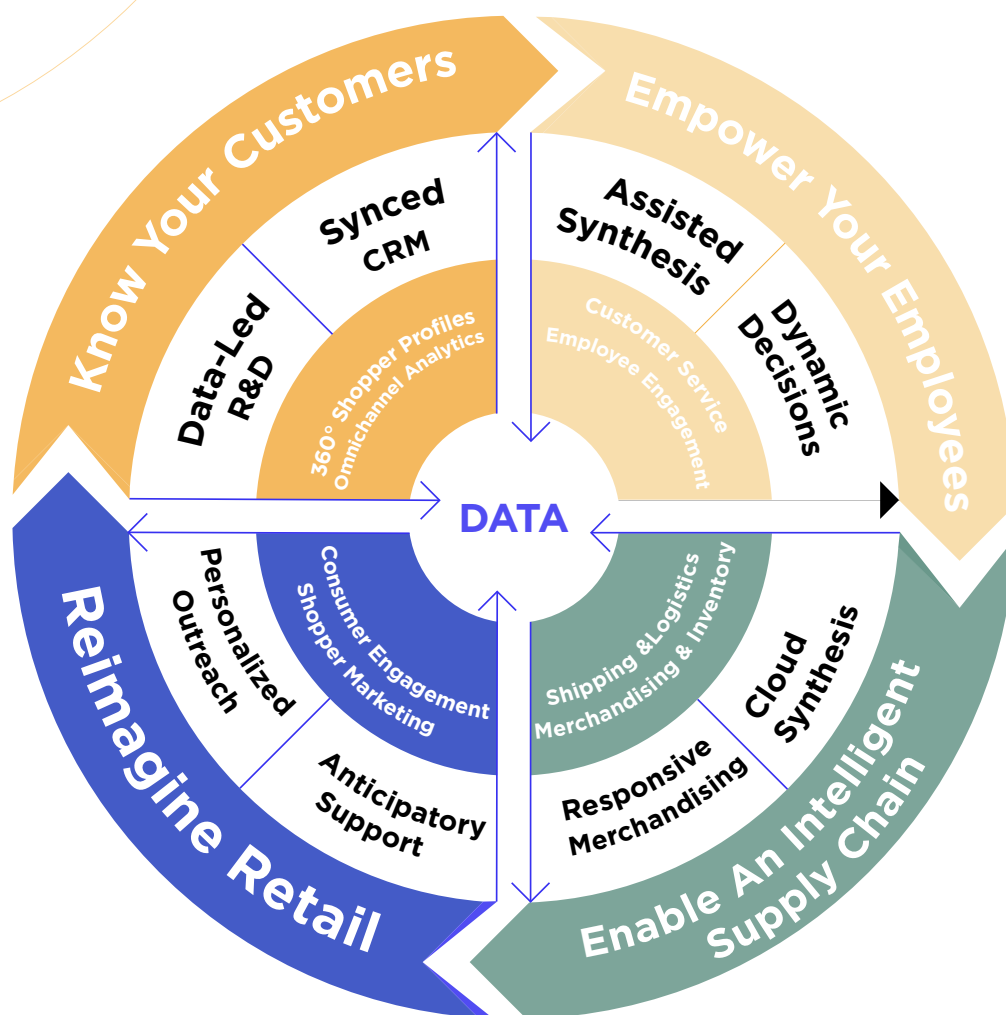
Seven in ten U.S. consumers say they've spent more money to do business with a company that delivers great service.

2017 Customer Service Barometer, American



# Visualizing Data-driven, Intelligent Retail

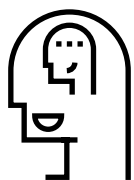
An intelligent retail model can create rich, customer-first experiences at all touchpoints, from backend operations to front-of-house innovations. With a data-driven approach, retailers can turn data into dollars by drawing in customers through personalized messaging, merchandise they desire, an excellent support staff and an ultra-responsive retail experience that is underpinned with the power of data collection and analysis.





# Key Initiatives To Transform Data Into Exceptional Customer Experience

The current retail landscape is defined by disruption. Legacy retailers are competing for market and mindshare with direct-to-consumer startups and brands and ecommerce marketplaces. Consumers now have more choices than ever to fulfill every need, which is accelerating their expectations around the shopping experience. In this face of this rapid change, every retail business must excel in a number of core areas to keep pace - personalization, staffing, supply chain and cross-channel experience. Foundational to each of these, is the ability to leverage data-rich intelligence and ensure these insights are distributed across all levels of the organization.



## Know Your Customers

Largely a consequence of poor data collection capabilities, today's brands and retailers struggle to deliver tangible personalization. From the initial discovery stage and product recommendations to post-purchase support, companies need to collect consumer data from all touchpoints and deliver personalized support at every stage of the purchase path. By developing a 360-degree view of what customers need across channels, retailers can eventually provide anticipatory support before it's needed.

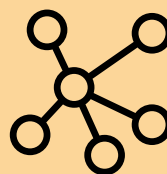
- Personalized Outreach
- Anticipatory Support



## Empower Your Employees

Despite their attraction to digital modes of shopping, customers largely prefer interacting with human associates for immediate support and guidance. Retailers need to ensure their workforce is equipped to respond to customer needs and preferences by democratizing access to customer data and purchase profiles. By having critical data readily accessible, employees are now empowered to handle any and all customer requests, effectively driving ROI and optimizing the customer experience.

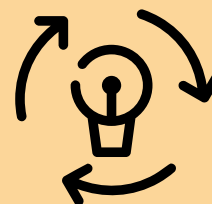
- Assisted Service
- Dynamic Decisions



## Enable An Intelligent Supply Chain

Supply chain management plays a behind-the-scenes, albeit strategic, role in how consumers receive or purchase their product as well as the products they are able purchase. As inventory becomes an increasingly important differentiator, stores need to leverage intelligent supply chain strategies to ensure availability of the right products, at the right time to every customer.

- Cloud Synthesis
- Responsive Merchandising



## Reimagine Retail

Often the retail experience customers receive isn't tailored to their specific needs or preferences. Retailers need to reinvent their business models by focusing on creating services, products and experiences their customers crave. By unifying data systems and understanding strengths and weaknesses, companies will be better poised to capture emerging opportunities in the end-to-end retail experience.

- Synced CRM
- Data-Led R&D



# Know Your Customers

Developing and maintaining a two-sided, ongoing relationship with consumers is a foundational strategy of any brand. This goes beyond sending personalized communications to consumers, but actively responding to their needs by developing hyper-relevant products and experiences collected and applied through intelligent processes.

*“We are sitting on the cusp of yet another wave of transformational change. New technologies and expectations are emerging and an evolving consumer is looking for a fully personalized shopping experience. These lofty expectations are setting fire to another, potentially bigger, wave of innovation in retail: data and analytics.”*

*Stephen Sadove.  
Former Chairman, Saks*



# Personalized Outreach

Brands can utilize powerful algorithms to learn a consumer's behaviors and preferences, reaching them at home more effectively than ever before. Advanced CRM and marketing systems develop a detailed shopper profile through repeated interactions and utilize this information to deliver proactive and personalized outbound marketing and tailored recommendations.

## Supporting Data:

Personalization influences 38% of all digital revenue.

Shopper-First Retailing. Salesforce & Publicis. Sapient, 2018

Among U.S. consumers, 50% like personalized communications and 16% like them a lot; only 20% dislike them. 58% say they will sign up for personalized offers

Consumer Value Personalization: Up Your Game to Not Miss The Opportunity Report. Periscope by McKinsey, 2018





## Clinch

Technology company Clinch lets brands create dynamic and personalized Instagram stories at scale. A brand creates an interactive template for the ad, with attached sources for content assets like photos or graphics. Videos can be embedded with calls to action and even drive consumers to the closest location where a product or service is sold. The messages are then optimized in real time based on user engagement and data such as location, time of day and weather.

[Clinch.co](https://clinch.co)



## StubHub

Ticket exchange StubHub's holiday campaign uses artificial intelligence to personalize its holiday greetings which remixes various clips and songs depending on what kind of ticket is being gifted. In a partnership with [www.giftrapper.com](https://www.giftrapper.com), users can create a customized rap by answering questions and the AI creates a personalized 60-second song, with verses tweaked for their specific circumstances. StubHub says there are 10,000 different combinations available, each resulting in a different video.

[bit.ly/2E4vbH1](https://bit.ly/2E4vbH1)



## Monetate x Bazaarvoice

Personalization platform Monetate and consumer-generated content firm Bazaarvoice partnered to increase personalization during this holiday season. Monetate will use Bazaarvoice's shopper profiles to help brands create product recommendations aimed to turn first-time holiday shoppers into loyal customers after the holidays are over. The companies aim to use shoppers' experiences and online behavior beyond one-time gift-buying to boost post-holiday consumer engagement strategies that improve brand loyalty.

[bit.ly/2E3gNid](https://bit.ly/2E3gNid)



# Anticipatory Support

As retailers and brands take advantage of internet-enabled technologies alongside AI to better track and respond to shopper behaviors and purchasing habits, alongside broader contextual cues, service will shift from reactive to proactive. Customers will seek out companies who are equipped to offer this next level of personalization, which will evolve towards just-in-time assistance and predictive care.

## Supporting Data:

70% of consumers say a company's understanding of their individual needs influences their loyalty, and 69% say the same of personalized customer care

State Of The Connected Consumer. Salesforce, 2017

79% of consumers feel that brands must actively demonstrate that “they understand and care about me.”

Wantedness. Wunderman, 2018



## Salesforce

The cloud-based software company developed an IoT, data-based initiative called Salesforce IoT Insights to provide field assistants, service associates and customer-facing employees with automated IoT data via their mobile device, intended to allow employees to resolve issues before they become problematic. After connecting IoT devices to the cloud, this information is automatically available to human agents. The service can also cull additional information from Salesforce CRM platform. Agents can quickly solve upset issues before they occur or become an issue.

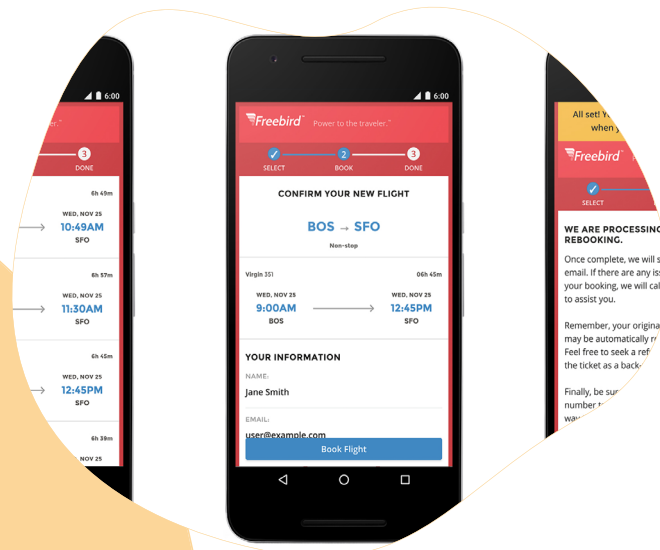
[salesforce.com/products/salesforce-iot](https://salesforce.com/products/salesforce-iot)



## Freebird

Travel rebooking service Freebird allows independent travelers or partnering companies to rebook flights after cancellations or other delays and disruptions. The company aggregates data from a large pool of flight data to better predict cancellations or delays and informs travelers of risks while offering alternative flights in 30 seconds or less.

[getfreebird.com](https://getfreebird.com)



## Amazon Alexa

Amazon created a patent that will allow its voice assistant Alexa to analyze users' voices and detect signs of illness. Customers are then provided with relevant products or discounts before there's a need for medication.

[read.bi/2P7Sjt7](https://read.bi/2P7Sjt7)





# Digital Transformation Strategies

- Leverage end-to-end data visibility to gain real-time insights into product usage in order to strengthen shopper profiles and allow for greater personalization.
- Experiment with subscription-based models and proactive notifications to ascertain if these added value services are important to your customers.
- Go beyond transactional messaging by embedding meaningful experiences within the context of your marketing to help customers take action and achieve their goals.

## Intelligent Retail In Action

### Nielsen

Nielsen is enabling retailers to put customers—and insights about their customers—at the center by connecting disparate sets of data to spot emerging trends and opportunities.

Nielsen and Microsoft partnered together to offer an enterprise data solution that democratizes one of the largest consumer data sets in the world. The solution offers a unified platform for creating scalable, high-performance data environments. Their alliance grew out of a mutual commitment to helping retailers achieve growth through innovation. The two companies will continue to empower retailers to break down silos between customer and operational data to achieve insights through a new generation of retail solutions.

[bit.ly/Microsoft\\_Nielsen](https://bit.ly/Microsoft_Nielsen)







# Empower Your Employees

A superior retail experience starts with developing a frontline workforce that is knowledgeable and passionate about products and empowered to solve any problem. Companies are investing in collaborative communication tools and data-powered equipment that democratizes access to information, making analysis readily available to everyone within a company to deliver a more personalized experience.

*Companies with highly engaged employees outperform their competitors by 147%.*

The Engaged Workplace. Gallup, 2018



# Assisted Service

Despite collecting a variety of insights on individual shoppers from their online browsing behaviors, purchase history, loyalty membership and location, most companies fail to develop this information into an actionable customer view. New platforms are bringing these details to the forefront of retail interactions, enabling associates to recognize their customers and deliver personalized service and advice to improve the sales or service experience.

## Supporting Data:

83% of the retail decision makers and 74% of the store associates surveyed agreed that shoppers will have better experiences when associates are equipped with technology.

Global Shopper Study. Zebra Technologies, 2018

“Firstline Workers comprise the largest category of employees at most organizations ... as the face of the company, they play a role in just about every customer interaction and every product and service that is delivered. Empowering them to do their best work and leveraging their experiences to guide business decisions is a huge opportunity for businesses.

Forrester Opportunity Snapshot: Equip Firstline Workers With Better Tools To Drive Engagement: December 2018”



## Mystore-E

Mystore-E, a startup based in Tel Aviv, provides retailers with an AI platform that mimics the experience of a website in a physical store. With the help of digital displays and augmented reality images, customers are able to try on accessories to see how each piece would look on them. Employees then receive suggestions on a mobile app for specific products that customers might like based on their selections, as well as the store's most popular items.

[bit.ly/2NC9DGZ](https://bit.ly/2NC9DGZ)



## Melissa Shoes

Miami-based brand Melissa Shoes uses an opt-in facial recognition kiosks to recognize shoppers and notify sales associates of their arrival, providing employees with their previous purchases and preferences to enable a better buying experience. Customers take their photo upon entering the store and are recognized on subsequent visits with personalized greetings and service.

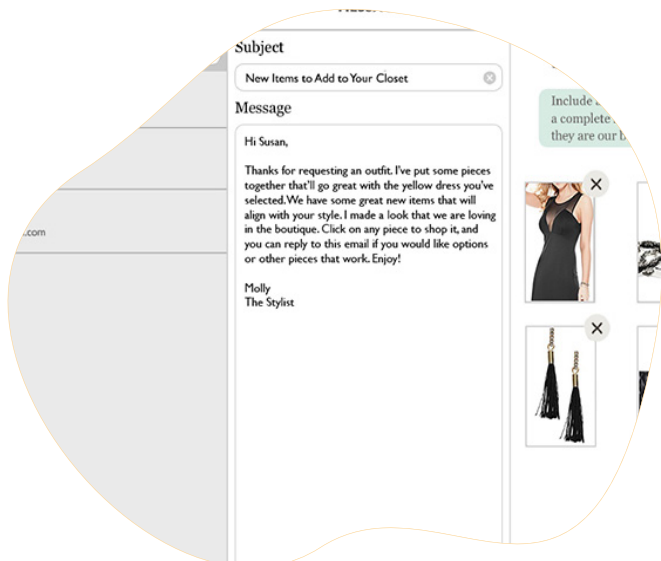
[bit.ly/2EuGOr4](https://bit.ly/2EuGOr4)



## Eloquii

Plus-size apparel retailer Eloquii's Curated Campaigns product gives sales associates the ability to visually curate product selections and send personalized recommendations to shoppers, who can then respond directly to the email, click a link to purchase the product online or visit their local store to finish the purchase.

[emdgroup.com/en](https://emdgroup.com/en)





# Dynamic Decisions

As new merchandise arrives, special offers change and inventory levels fluctuate, sales staff are required to constantly update their knowledge base from shift to shift and even hour to hour. Given the dynamic nature of the retail environment and demands on their time, this can prove to be a challenging task. To help employees better respond to immediate issues or improve the store operations with a forward looking view, companies are equipping their employees with AI-enabled tools that provide in-the-moment access to key information and analytics and streamline communications between staff.

## Supporting Data:

“Assistance is really the new battleground for growth. As expectations of the empowered consumer continue to rise, the most assistive brands will win.”

Allan Thygesen. President of the Americas, Google

64% of consumers have avoided brands, including both physical and online retailers, because of a bad experience in the last year.

The Customer Experience Tipping Point Study. Medallia and Ipsos, 2018

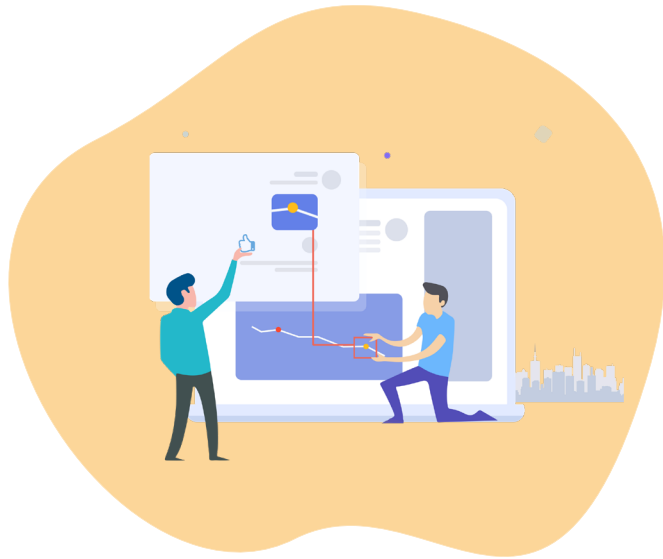




## H&M

The fast-fashion retailer H&M deployed the Convo's Retail Social Collaboration Platform to allow its US employees to communicate with each other and receive real-time updates on store issues through a newsfeed-inspired interface that allows employees to weigh in and collaborate on things like merchandise displays, sales and store-related conditions.

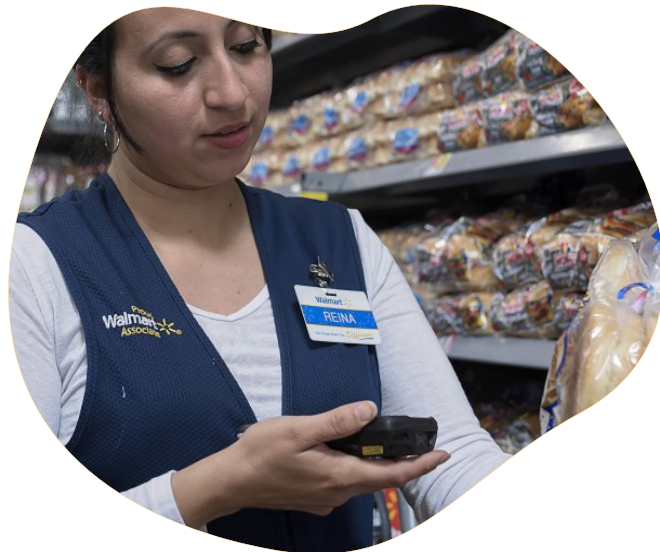
[bit.ly/2EsCgB9](https://bit.ly/2EsCgB9)



## Walmart

To empower its employees to make more informed decisions, Walmart provides associates with a mobile store device equipped with custom-built apps that inform them of real-time information like arriving shipments, out-of-stocks and product locations. The Availability app automates information about out-of-stocks and allows associates to determine the store performance and the root of the product stock out. The Downstock app constantly updates information about product locations.

[bit.ly/2S566ia](https://bit.ly/2S566ia)



## Kohl's

Department store Kohl's gives its store managers a dashboard equipped with local consumer data, data from similar stores and machine learning analytics to provide them with weekly tasks that can be used to improve store performance. Store managers can receive recommendations on merchandising appearances to maximize sales, learn how inventory will sell based on online search data and staffing recommendations.

[bit.ly/2DNpBbL](https://bit.ly/2DNpBbL)



# Digital Transformation Strategies

- Explore how partner technologies can be tailored to effectively address your employees' most common and labor-intensive challenges
- Give associates hands-on training with tools and technologies that will be used in their day-to-day roles
- Equip your in-store sales associates with digital tools that provide them with a profile of each shopper, including online order/browsing history, past purchases, etc, in order to offer more relevant recommendations
- Integrate AI into these platforms to proactively serve information or alerts and add an additional layer of analysis
- Consider how data or information is displayed to ensure its digestible and actionable for associates and managers

## Intelligent Retail In Action

### Gap

Gap Inc. is betting on cloud technologies to create a modern workplace for employees around the globe and to create new customer experiences across its family of brands. Gap will migrate hundreds of applications to Microsoft Azure to gain a comprehensive view of the customer and support a more seamless customer experience across digital and physical stores.

Employees will use Microsoft 365 collaboration tools to facilitate communication and productivity. These capabilities will scale to the entire portfolio of Gap brands and products across multiple channels in more than 90 countries, and over 3,100 company-operated stores. This type of transformation allows Gap to respond with agility within a quickly evolving retail landscape and increasing expectations from consumers for personalized experiences.

[bit.ly/Microsoft\\_Gap](https://bit.ly/Microsoft_Gap)



# Enable An Intelligent Supply Chain

The optimal infrastructure is crucial for retailers to reduce costs, meet rising consumer needs and perfect communication between suppliers and partners. Retailers are adopting a 360-degree view of their entire supply chains—from raw material acquisition to production to last-mile delivery, by adopting intelligent, data-driven processes to not only predict inventory and aptly respond to consumer expectations, but synchronize information sharing amongst all members of the supply chain.

*“Today, the supply chain has evolved into a critical component of a company’s ability to satisfy customers, drive profitable growth and deliver new innovations to the market.”*

*Allan Dow. President of Logility*





# Cloud Synthesis

Retailers are sitting on a wealth of data, but these valuable insights often get lost between disparate teams and siloed channels. Data-driven communication channels can help optimize fast and responsive communication between factories, warehouses, stores and other supply chain elements, sharing key information between partners through cloud infrastructures and keeping everyone on pace to deliver excellence.

## **Supporting Data:**

52% of companies face challenges connecting the dots between data stored across different parts of their organization.

Marketers Guide To The GDPR. Econsultancy, 2018

58% of consumers say it is important for inventory status to be visible online while shopping.

Gartner L2 Digital IQ Index, 2018





## Nordstrom

The luxury store chain Nordstrom leverages the cloud platform NuOrder to streamline and democratize insights gathered across its wholesale buying systems between the retailer and its suppliers. Shifting away from its previous system that resulted in too much leftover inventory waste, the cloud-based approach allows buyers to compare styles, identify gaps in styles and collaborate between teams.

[bit.ly/2Etp717](https://bit.ly/2Etp717)



## Macy's Vendor Direct

The department retailer Macy's allows third party vendors fulfill and ship orders directly to consumers through its Vendor Direct program, eliminating the typically stagnant process of shipping from a Macy's own warehouse and logistics network.

[bit.ly/2EuGOr4](https://bit.ly/2EuGOr4)



## Merck KGaA

The German pharmaceuticals firm Merck KGaA's is planning on incorporating AI and predictive analytics throughout its entire supply chain by the end of 2019. Currently, the firm is conducting a pilot program that uses analytics software from Aera Technology Inc. to predict demand spikes, identify bottlenecks and alleviate supply shortages for 100 products. The software collects supply chain data from Merck KGaA's different planning systems and, after the data is uploaded to Aera's cloud infrastructure is analyzed by machine learning algorithms. These algorithms provide recommendations like supply adjustments or demand forecasts.

[emdgroup.com/en](https://emdgroup.com/en)



# Responsive Merchandising

Companies are sitting on a wealth of data about their shoppers, their stores and the broader marketplace, but they often lack the internal capabilities and creative insight to put it to use. Successful brands and retailers are differentiating themselves with data-led initiatives that enable them to quickly adapt or even anticipate shifts to be first to market with new products inspired by local purchase patterns to better serve the needs of their customers.

## **Supporting Data:**

50% of companies are implementing planning and forecasting technologies, with an additional 32% increase in investments by these companies in the next year.

The Future of Fulfillment Study. Zebra Technologies, 2018

“We curate for our customer through a highly edited assortment that is localized to a specific market, using our enhanced data and analytics, we are able to efficiently influence assortment down to the store level.

Jeff Guenette, CEO, Macy's





## Deliver An Intelligent Supply Chain

### Nike By Melrose

Sportswear retailer Nike stocks products in its LA concept store, Nike By Melrose, based on the shopping preferences of local users. Using data collected from its NikePlus app, the store's merchandising mix is dictated by items local consumers are buying. Every two weeks, the store will add new inventory based on the local market, much faster than the brand's usual turnaround of 30-45 days. Shoppers will also be able to leverage the data to help inform their choices, browsing on in-store screens to see the most popular shoes in a given category for consumers who live in zip codes near the store.

[swoo.sh/2noVTQp](https://swoo.sh/2noVTQp)



### Tmall Global

Tmall Global, the physical location of Chinese luxury e-commerce platform Tmall, stocks products based on the shopping habits of consumers who live within 5 kilometers of the store.

[bit.ly/2JdyZEB](https://bit.ly/2JdyZEB)



### The North Face

The outdoor retailer's new Manhattan storefront stocks inventory based on local consumers' interests. It also uses heat mapping to determine what sections resonate with shoppers the most.

[bit.ly/2RZdATM](https://bit.ly/2RZdATM)



# Digital Transformation Strategies

- Determine what data to solicit from local shoppers, both online and in store, in order to tailor your inventory and even your products to each market
- Avoid oversaturation of data collection by identifying key questions and appropriate metrics for collection and analysis
- Use technology, like beacons or RFID, to create heatmaps of zones in the store, gauging customer interest and merchandising effectiveness
- Augment the power of predictive algorithms with human thinkers, customer feedback and qualitative analysis to achieve more thorough, balanced forecasts.
- Use machine learning in order to track what consumers purchase and return, enabling you to refine your inventory selection and get new products to market more quickly based on consumer demand

## Intelligent Retail In Action

### Fruit of the Loom

Fruit of the Loom is focused on using data science to build an “intelligent” supply chain based on multiple information inputs.

The companies processed vast amounts of data to pinpoint the specific temperature change that prompts consumers to buy warmer clothes: a 12 degree drop within six days.

The companies then developed a Power BI dashboard to cross weather and inventory data, so Fruit of the Loom could flag retailers with low stocks and help arrange for new shipments to arrive before cold customers rush to stores. Fruit of the Loom now uses these kinds of findings to more accurately and intelligently manage inventory to better meet customer needs.

[bit.ly/Microsoft\\_FotI](https://bit.ly/Microsoft_FotI)





# Reimagine Retail

Brands and retailers are underpinning storefronts and experiences with a baseline level of data collection that analyzes and responds to customers' micro and macro-needs, in order to deliver a customized and convenient shopping experience at scale while gathering insights for the business. By seamlessly integrating web and app-based digital channels into the in-store experience, retailers can not only elevate customers' purchase journey, but power end-to-end omnichannel analytics capabilities.

*"We've seen how technology can make online shopping more efficient, with lower prices, more selection and increased convenience. We are about to see the same thing happen to offline shopping"*

*Hal Varian. Chief Economist, Google*



# Synced CRM

As personalization and recognition across channels becomes a greater expectation among shoppers, retailers and mall operators are creating systems that ‘log’ customers into physical stores to trigger recommendations and in-store activations, and inform assistants to deliver personalized service, all while simultaneously syncing customer experiences both on- and offline.

## Supporting Data:

55% of shoppers say retail experiences are disconnected across channels.

Global Shopper Study. Zebra Technologies, 2018

Nearly 25% of consumers say that their brick-and-mortar retail channel needs the most improvement with respect to personalization efforts. 41% of consumers say that they expect representatives in a brand’s physical store to know what they have purchased online, yet only 19% have experienced this.

2017 State of Personalization Report. Segment (US)



## Nike House of Innovation 000

The Manhattan-based store from the athletic wear and footwear brand Nike closely integrates the Nike+ membership app to provide customers with exclusive experiences, recommend products based on previous purchases, and self-checkout. The app uses geofencing technology to automatically detect when they enter a store and updates their app with essential features to use in-store.

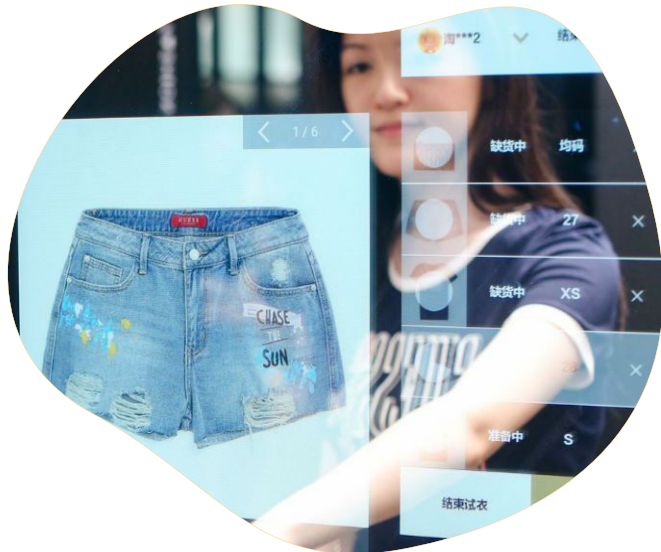
[nike.com/us/en\\_us/e/cities/nyc](https://nike.com/us/en_us/e/cities/nyc)



## Alibaba x Guess

Alibaba partnered with fashion brand Guess to pilot Alibaba's first FashionAI concept store featuring smart racks, smart mirrors and high-tech fitting rooms. Shoppers check in with a QR code or via facial recognition, and, as all items are RFID-enabled, when the shopper picks them up, they automatically appear in a smart mirror. The mirror subsequently suggests outfits to complete the look either based on the customer's previous purchases or the store's latest products

[bit.ly/2xPf5MA](https://bit.ly/2xPf5MA)



## Fabletics

Activewear brand Fabletics

has a technologically enabled concept store centered on an enhanced customer experience. Their proprietary OmniSuite POS technology allows customers to seamlessly link to their online membership profiles during their in-store visit and gives employees the opportunity to offer them personalized product recommendations. The technology also enables customers to request different sizes and colors, check an item's availability, or even get styling tips without having to leave their fitting room.

[bit.ly/2lxZW6G](https://bit.ly/2lxZW6G)





# Data-Led R&D

In an effort to better understand and respond to the nuances of their customers, organizations are deriving insights from in-store behaviors, product interactions, loyalty engagement and shopper feedback to identify areas for improvement. This information is then translated into actionable strategies that can inform decisions around merchandising, rewards programs and technology investment to continually refine the front-end experience and ensure customer needs are always top of mind.

## Supporting Data:

“In addition to the 5-10 algorithms used in styling, Stitch Fix has algorithms for logistics, inventory management, inventory procurement, product design, demand estimates, etc...Because we’re using data science pervasively, we can anticipate the inventory needs of our clients and buy accordingly.”

Eric Colson. Chief Algorithms Officer, Stitch Fix

62% of retailers report that the use of information (including big data) and analytics is creating a competitive advantage for their organizations.

Analytics: The Real-world Use Of Big Data In Retail. IBM, 2018



## Stitch Fix

Subscription-based fashion retailer Stitch Fix uses data analysis and machine-learning algorithms in order to adapt and improve its selection of menswear as well as the logistics behind its monthly service. The data technology the company uses is able to track what a customer is in the market for, what they purchase, what they don't keep, and why. This information is then used to quickly adapt strategies if needed.

[bit.ly/2KgalS5](https://bit.ly/2KgalS5)



## Adidas

Sportswear retailer Adidas designed a collection of running shoes that caters to the unique needs of runners in major cities. Using real-world and lab data collected in cities including London, Paris, New York and Shanghai, Adidas was able to create sneakers that account for the specific needs of local runners, such as terrain and weather.

[bit.ly/2DencaQ](https://bit.ly/2DencaQ)



## Mars x Alibaba

Alibaba collaborated with confectionary brand Mars to develop products for the Chinese market. Using insights gleaned from Mar's consumer research and a consumer survey, as well as data from the 500 million users of Alibaba's various online marketplaces, Alibaba helped Mars create a spicy Snickers bar for the Chinese market, after uncovering a growing consumer preference for spicy flavors.

[bit.ly/2S40epb](https://bit.ly/2S40epb)



# Digital Transformation Strategies

- Design stores with visitor recognition in mind, offering not only identifying technologies, but also interfaces and displays that communicate that a visitor is logged in
- Review a customer behavior maps across platforms to identify products they gravitate towards, best fitting sizes and views before purchase—creating a comprehensive shopper profile
- Compare customer data across commerce channels to glean insights that inform merchandising, store flows and loyalty programs, among other processes.
- Establish multiple channels to share customer insights and feedback with teams for actionable implementation—from organization-wide regroups to on-demand snapshots.

## Intelligent Retail In Action

### Mall of America

With 40 million visitors each year, the Mall of America is one of Minnesota's premier entertainment destinations. The 5.6 million-square-foot property was built to be more than a simple shopping mall, combining retail, dining, and unique attractions. The company's emphasis on the guest and customer experience is its guiding pillar, so it is exploring how digital transformation with Microsoft Azure can help drive its vision forward and set it apart in the entertainment and retail industry. To fully leverage the facility's maintenance data, Smrcka and her team also connected Microsoft Power BI into the BMS. With the cutting-edge analytics technology of Power BI, the company's IT team can fully explore data, stratify metrics to identify trends, and gather new insights.

[bit.ly/Microsoft\\_MoA](https://bit.ly/Microsoft_MoA)





# Roadmap To Success: Key Questions To Guide Intelligent Tech Investment

Data-driven technologies are essential for creating a differentiated shopper experience that is integrated throughout the store model. However, simply investing in a suite of solutions won't instantly translate into success without first having a strategic vision in place. Having a fundamental understanding of your brand, customers and the experience you aim to deliver can ensure the technologies you apply to the end-to-end retail experience add value and are executed with integrity.

## **When customers think of your brand, what feelings, ideas and solutions come to mind?**

Defining how your brand engages with its audience and presents its offerings is the first step in deciding what technologies to apply and how you can integrate them into your organization.

## **How can you differentiate yourself in the marketplace?**

Understand the elements of your retail or brand experience that make you stand apart from the competition to lead you to develop the correct tech-enabled strategies to accentuate your strengths and core values.

## **How can you leverage technology to maximize your strengths and diminish customer pain points?**

Technologies can not only help optimize and deliver an elevated experience that your brand is known for, but also resolve areas of friction customers face along the purchase journey.

## **How can you communicate your plans throughout the organization and beyond?**

Ensure your teams understand a standard, consistent narrative about the digital transformation journey your organization is pursuing. Communicate the goals, technologies and opportunities present with this new era of retail, not only with your employees, but customers as well.

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## About Microsoft

Microsoft enables retailers to deliver personal, seamless, and differentiated customer experiences by empowering people, enabling digital transformation, and capturing data-based insights to drive growth.

Learn more about intelligent retail at [microsoft.com/retail](https://microsoft.com/retail)

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## About PSFK

*An Introduction To PSFK:*

PSFK is the world's leading business intelligence platform for innovation in retail. Across every major industry vertical, we help the most progressive brands identify and leverage new customer experience opportunities through a mix of trend reports, immersive events, insight-rich content, ideation workshops and on-demand research services.

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