WINNING WITH PAGES FROM
AMAZON'S
Playbook

A LOOK AT KEY SOLUTIONS ACROSS PERSONALIZATION,
PROMOTION AND CUSTOMER ENGAGEMENT
THAT ARE HELPING RETAIL BRANDS KEEP PACE
WITH RISING SHOPPER EXPECTATIONS ACROSS CHANNELS

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amazon BY THE NUMBERS

33.7% Sales via Amazon.com accounted for **33.7%** of all e-Commerce sales in 2018, according to **Rakuten Intelligence.**

For **Q1 2019,** Amazon's overall net sales boosted revenue to **$59.7 billion**, a **17%** increase over the **$51 billion** generated during the same period the previous year.

Customers have purchased more than **100 million** Alexa devices since its introduction, and more than 150 products now have Alexa built in, according to Amazon's **2018 letter to shareholders.**

Amazon plans to make **one-day shipping** the default standard for Prime members.

There are **101 million Amazon Prime** members in the U.S. Prime members spend an average of **$1,400** annually, compared to **$600** for non-Prime members.

WINNING WITH PAGES FROM AMAZON'S PLAYBOOK

HOW RETAILERS CAN TURN THE 'AMAZON EFFECT' TO THEIR OWN ADVANTAGE

It's hard to find an area of the retail shopper experience where **Amazon** has **not** had a significant impact. During its two decades of operation, the company has set new standards — and reset customer expectations — in areas including (but definitely not limited to):

- **Creating "sticky" loyalty programs that bundle content, services and convenience (Amazon Prime);**
- **Product recommendations ("People who bought this also bought these");**
- **Shortening the last mile (two-day, one-day and same-day delivery);**
- **Streamlining online payment processes (one-click payments);**
- **Voice shopping (Alexa); and**
- **In the brick-and-mortar space, cashierless technology (Amazon Go stores).**

"Amazon has disrupted how things are sold and also challenged other retailers to keep pace with them," said Miya Knights, Head of Industry Insight at Eagle Eye Solutions in an **interview with *Retail TouchPoints.*** "While a traditional retailer would see itself as being relevant to a consumer at certain times in their life, or for certain purposes, Amazon doesn't distinguish. **They want to be integrated into every part of your life, and to be the first 'port of call' for anything that a person buys."**

Faced with the combination of Amazon's resources and its grand plans, what can competing retailers do? Plenty — and several are already doing it. To take just one example, **Walmart** has been leveraging its key advantages over Amazon — its unmatched physical-store footprint and grocery retailing know-how — to go head-to-head in delivery. In May 2019, Walmart rolled out next-day delivery for **220,000** products, without requiring a membership fee, via its **NextDay program.**

Other retailers emphasize their ability to do what Amazon doesn't: **personalize customer engagement** and **curate product assortments**. "Amazon is great for purchasing, but not for shopping," said Natalie Berg, Founder of NBK Retail. "They've taken the touch and soul out of shopping and made it simply transactional and functional. **That's a weakness that brick-and-mortar retailers are eager to exploit."**

Additionally, many brick-and-mortar retailers have been emphasizing the experiential nature of their shopper experience as a contrast to Amazon. That includes both omnichannel retailers and former pure-play retailers venturing into the physical world, such as those located in the new **Hudson Yards** retail complex in New York City.

This second annual guide to *Winning With Pages From Amazon's Playbook* will offer a look at key technologies that retailers can use to keep pace with, or even outpace, the Seattle-based giant, including:

- **Creating a unified commerce framework;**
- **Profit-optimizing inventory;**
- **Removing friction from shopping and checkout;**
- **Enhancing loyalty programs;**
- **Establishing marketplaces;**
- **Optimizing promotional strategies; and**
- **Leveraging stores and other touch points to create an appealing omnichannel experience.**

For competing retailers, there's no time to waste; veteran Amazon-watchers note that the company's ambitions stretch well beyond the retail sphere. "What you need to understand is that Jeff Bezos doesn't run Amazon like a traditional CEO," said Cooper Smith, former Director of Amazon Research at Gartner L2 in an **interview with *Retail TouchPoints.*** "His ambition isn't to become the world's number-one retailer. That's a means to an end. **His vision is for Amazon to be the ultimate purveyor in the marketing, selling and transportation of goods.** If you take a step back, Amazon's opportunity is in owning every aspect of the supply chain."

UNIFIED COMMERCE: BUSINESS STRATEGY VS. BUZZWORDS

By Linda Palanza,
Chief Executive Officer, OneView Commerce

Amazon, arguably the most effective technology pure play in retail, is among an elite group of the world's largest corporations that use platforms to drive their operating model. The results are clear — Amazon's market share increases and agility challenge the relevance of physical stores, but few retailers have followed suit.

To compete, brick-and-mortar retailers must embrace agility, control and speed to innovation. Unlike historic software-driven, long-cycle store technology initiatives, funding and focus have turned to, *"How fast will you make a business impact and how will you differentiate us to customers?"*

Enter the cloud-native retail platform built in collaboration with the world's largest retailers ("contributors") with features traditionally found in point of sale and e-Commerce solutions. Retailers from every vertical ("consumers") now have the power to innovate and deliver "store of the future" capabilities to any channel or device, while reducing cost and significantly decreasing time to market.

Why is this important? The reason is simple: Amazon's playbook keeps the customer front and center. This focus combined with their platform means they iterate hundreds if not thousands of times during a traditional retailer's implement, build, and deploy cycle. Amazon homes in on their customer interactions continuously while most retail IT teams are still struggling to unlock the vise grip of their legacy systems to innovate a single interaction point, a single time.

DIFFERENTIATION VS. COMMODITIZATION

The advent of the feature-as-a-service Unified Commerce Platform provides incumbent retailers an entry into the platform play, to eradicate the limitations of legacy solutions and level the threat against stores. Forward-thinking disruptors embrace the concept of being consumers of and contributors to commerce services that provide critical commoditized store and omnichannel functions. Leveraging these features as individual services allows retailers to dedicate their cycles to meaningful competitive differentiation. Empowered with iterative development cycles via a headless application architecture, the retailer builds, learns, deploys or destroys with precision and speed. In short, they target investment where it matters with a platform that enables control and speed to market.

Gone are the days of multi-year upgrades of basic lane functions that leaders and the board have no patience for. Here are the days of immediate agility, innovation and iteration with zero dependencies on the software vendor. With global retailers continuously contributing to the platform's core while consuming the services that provide a beneficial impact to their strategies, leaders embrace the Amazon mindset for providing continuous innovation while differentiating themselves in the eyes of the customer.

DISRUPTION: WHAT YOU DO TO THE MARKET, NOT WHAT TECHNOLOGY DOES TO YOU

Retailers are faced with the limitations of legacy, siloed, homegrown or outgrown store solutions that make it increasingly difficult to provide relevant and valuable customer engagement. OneView Commerce empowers retailers through innovation and modern unified commerce platform technology to channel technology investments into meaningful engagement and disruptive business strategy.

WHEN UNIFIED ISN'T A BUZZWORD AND JUST BEING IN THE CLOUD ISN'T ENOUGH

The OneView Commerce Platform is the only cloud-native, serverless and headless retail framework that provides a single code base to drive transformative, retailer-defined experiences across all touch points. Whether you're a fast-growing market disruptor that needs a SaaS solution that evolves as you grow, or a Tier One retailer looking for a retail development platform where you are in control without dependency on your software vendor, OneView provides the feature-as-a-service capabilities and headless architecture to deliver. Competitive with the platform pure plays, this isn't yesterday's Java server put in the sky. OneView is a purpose-built cloud-native platform leveraging API-first technology and headless infrastructure to deliver high performance, availability and reliability, as well as the scalability to finally put you in the game against Amazon and among the world's leaders that embrace the platform play.

OneView combines point of sale, real-time inventory, enterprise promotions and omnichannel orchestration to increase engagement, expand basket size and improve margins. For the ultimate in enablement, you can "build it once and deploy it anywhere" by leveraging OneView's transaction engine to rapidly deploy use cases to any device. The headless architecture allows you to own the user experience and interface to build, curate and control the unique customer journeys that drive loyalty — your "secret sauce." By bringing a cloud-native, modern platform play into the legacy commerce landscape, IT investments are targeted to maximize business value by consuming commoditized commerce functions from the platform while leveraging your iterative development and deployment on differentiation.

BORN IN THE CLOUD, TRUSTED BY GLOBAL INNOVATORS

OneView's robust retail-specific functionality is delivered as feature-as-a-service components so customers can tailor experience and engagement while we provide the transaction engine to make them competitive and successful. The features are used as a suite or standalone aligned to objectives, to curate the customer journey across all touch points — in-store, mobile, e-Commerce as well as frictionless guided and self-checkout. Leading global retailers are active consumers of and contributors to the OneView Commerce Platform, as they rapidly innovate their stores to eliminate business risks associated with archaic legacy infrastructures.

To Learn More...

retail TouchPoints

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The *Retail TouchPoints* network is comprised of two weekly e-newsletters, special reports, web seminars, exclusive benchmark research, an insightful editorial blog, and a content-rich web site featuring daily news updates and multi-media interviews at **www.retailtouchpoints.com**. The *Retail TouchPoints* team also interacts with social media communities via Facebook, Twitter and LinkedIn.

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