THE INTELLIGENT ENTERPRISE FOR THE RETAIL INDUSTRY

Gone are the days when consumers rushed to stores looking for everyday staples or even that special something that they needed to see with their own eyes, touch with their own hands, or even try on or try out before deciding that it is "right" for them. Over the past decade, give or take a few years, shopping has become a multi touchpoint activity where value, in customers' minds, has been determined by convenience and price.

This has now changed as consumers expect more and more personalized shopping experiences, be they physical or digital (and most likely a blend) that are highly customized, delightful, incredibly convenient, and in sync with their values.

And while there is little chance that shopkeepers on Main Street or shopping malls will be able to keep consumers from searching for products via the internet or from their smartphones, the data gathered from such activities can help create new opportunities for retailers to develop unprecedented intimate, personal relationships with consumers and to win their trust and their business like never before.

The retailers who succeed will have transformed their businesses from being product centric to being customer experience centric. Their successes will be dependent on leveraging data (including new types of data from IoT devices and such) that they have their customers' permission to use. The winners will be thirsty for innovation, new types of business models and new forms of revenue streams.

SAP argues that the answer lies in paying attention to five priorities:

- **It's all about the customer, every step of the way.** Data is key and it is abundant, flowing from multiple touchpoints, whether they are physical, digital, social or streaming from devices and sensors. Smart retailers will blend that data with experiential data to derive insights through predictive analytics to understand trends, to inform supply chains, to have the right marketing materials, promotions, service offerings, and goods available conveniently and at the right time (in many cases even before customers ask.)

- **Products delivered as personalized, engaging experiences for the segment of one.** Consumers want to do business with "people" who know and understand them. Retailers have never had a better opportunity to deliver on that desire than in this big data driven age when customer demographic data, sales data, payments data, consumption data and more can be leveraged to make the right offers (subscriptions included), at the right time, at the right price on an individualized basis.

- **Transparent digital supply chains that don't end at the customer's door.** By 2025 consumers won't have to worry about forgetting to pick up the children's milk on their way from work. When the biodegradable carton stored in the refrigerator gets light, the refrigerator will place an order with your permission. The warehouse will then fulfill it, placing the 2 percent, organic milk in an insulated bag that will be gently placed at your back door just before you get home from work. A receipt from your local grocery store will be provided via e-mail or text. This will repeat itself unless you direct otherwise.

- **Retail stores that drive the brand experience.** Tomorrow's consumers will find it unimaginable to walk into a retail store hoping that they can find a sales associate that has the bandwidth to help them. Instead they will be greeted by name, at the entrance by a human or robotic concierge who will spark personalized, relevant discussions, offer closer looks at something they had been checking out on the Internet, including trying it out or trying it on, even virtually if the exact right product isn't in the store. Add to that convenience options to have the item shipped before the shopper makes it home.

- **Innovative new business models with the customer at the center.** Customers want to buy experiences and outcomes, not things. And while products will continue to be sold (and ownership won't go away, think Tesla), new pay-per-use and subscription opportunities (think Rent the Runway and Dollar Shave Club) will continue to emerge. Moreover brands, especially in areas like telecommunications, travel and entertainment, and financial services, will become platforms where other goods and services are sold in conjunction.

Of course, none of this can be realized at scale or profitably without the right enabling technologies in place. Retailers need to consider how advances in artificial intelligence, machine learning, voice recognition, robotic process automation, in store technologies, conversational AI, virtual reality, streaming data and blended data types, predictive analytics, blockchain, and more, can be leveraged to transform their businesses. It is, no doubt, a large undertaking, but there's no need to go it alone.

As you will find in reviewing SAP's white paper, **"The Intelligent Enterprise for the Retail Industry,"** there is a great deal of thought leadership already in place, as well as real world success stories from industry innovators like Levi's, Nike, StitchFix, Warby Parker and more. And while the task of evolving your retail business to a place of leadership in the digital era may seem daunting, SAP offers a digestible, 3-step, phased-in approach while keeping the aforementioned 5 priorities in mind.

It begins with optimizing what is already in place and then implementing a stable and scalable digital core that makes those processes more transparent and integrated. Next, it moves to connecting those processes to the real world via IoT. Finally, it offers guidance on transforming your business using continuous data flows.

And while some may feel apprehensive about embarking on this journey, SAP has partners that can work with you and help pave the way. The only real danger for retailers is to turn a blind eye and do nothing when the opportunity for leadership lies in front of you. **Download the white paper** today and get started.

Enjoy your journey!