



DIFFERENTIATING THROUGH DIGITAL

THE CONTENT AND EXPERIENCE CROSSROADS



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EXECUTIVE SUMMARY

Over the past five years online shopping in the UK has continued to see exponential growth as consumers become increasingly confident with the channel.

For UK retailers, however, with a mix of physical and online stores, a growing digital divide has emerged between customer experience in-store and online. For most retailers, the majority of their business still comes from physical stores, even though they are investing far less to digitally enable the stores than they are investing online.

However, **66%** of retailers have an active digital transformation programme, and **56%** of those have a cross-channel digital transformation strategy. **67%** of UK retailers said that understanding and mapping the digital behavior and expectations of consumers is core to their digital transformation success.

So to remain competitive in the UK retail industry it is essential that retailers leverage the potential of digital technologies to deliver rich, seamless and low-friction cross-channel customer experiences.

WHY LOCATION IS A KEY DIGITAL DIFFERENTIATOR

The next evolution in rich digital engagement is contextual based on whether a consumer is in a store, at home or elsewhere.

40% of UK customers use their mobile device on a daily basis to research a product online when not in a store or at home. So not all digital experiences are, or should be, equal because location provides retailers with new digital opportunities to influence consumer behavior contextually.

67% of UK customers use their mobile devices in store to look for product information

75% of those consumers use a retailers website



47% use a retailers mobile app

47% use other websites

50% of UK retailers are investing in IoT beacon and clienteling technologies to support the delivery of in-store location-based digital experiences."

30% specifically intending to use IoT for location-based consumer engagement.

HOW DIGITAL EXPERIENCES ARE GROWING IN-STORE



Customer experience is quickly becoming as important a purchasing factor for consumers as the established tenets of brand, product and price.



From a digital perspective customer experience has been driven through online shopping experiences with little development in-store.



The growing demand for rich digital content delivered in-store is best demonstrated, when available, by consumer use of the following digitally driven experiences:

56%

engage sales assistants and when digitally enabled 34% want additional information and demonstrations

34%

use digital signage and shelf-labels

17%

use interactive display technology (i.e., store windows and changing rooms)



Using digital in-store is still in its infancy but consumers increasingly expect the personalized digital experience found online to be available in stores.



The ability to create, refine and deploy rich digital experiences efficiently at scale across a large retail estate to numerous touchpoint technologies, as above, requires a flexible creative platform at its core.

HOW DIGITAL IS IMPACTING BUSINESS PRIORITIES



The ripple effect of the 2008 global economic slowdown impacted the priorities of UK retailers for years afterwards. While the UK retail market has yet to fully recover to pre-crisis levels, it has stabilized and retailers have adjusted to the new but more challenging market dynamics.



Despite the challenging economic climate retailers are witnessing a significant change in the retail experience driven by the growing cross-channel digital behavior, and expectation, of consumers.

HOW DIGITAL IS IMPACTING BUSINESS PRIORITIES

The top 5 business initiatives for UK retailers are to:



Improve sales performance



Strengthen security for sensitive data protection and compliance



Enhance marketing effectiveness




Expand directly into consumer sales channels (e.g., mobile apps, clienteling, kiosks/signage and IoT beacons)



Reduce operational cost

89% of UK retailers are now addressing these initiatives through a business-led digital transformation strategy. Retailers are in a period of forced evolution, and in a challenging economic environment combined with rapidly changing consumer behavior only the fittest will survive.

WHY COLLABORATION IS JUST AS IMPORTANT AS THE CONSUMER



The realignment of retailing from per-channel to cross-channel is seen most publicly in how digital customer experiences are delivered. To deliver channel-agnostic digital experiences, however, retailers also have to collaborate more effectively internally, and with external parties, in terms of creative and document content.

89% of business executives at UK retailers said cooperation between departments and teams is core to their digital transformation success. **56%** also said that addressing compliance and regulatory implications is very important. Only **36%** of retailers, however, are planning to adopt or have already adopted cloud-based **content collaboration** tools and **47%** are using cloud services to **sync and share** digital content across internal teams and external companies.

As content remains **"king"** when it comes to providing cross-channel digital experiences, it is essential for retailers to remove the complexity of collaboration in creative and document content.

HOW IT IS EVOLVING TO SUPPORT DIGITAL



The impact of changing consumer expectations, when engaging across channels, means retailers need to react more quickly than ever before.



This need to react more quickly is core to digital transformation for retailers — and technology is the enabler. For many retailers, however, IT functions have been the builders of solutions but now have to become the brokers of services.



60% of a UK retailer's IT budget is still controlled by the IT department, but **72%** of the remainder is currently spent by the marketing and communication teams with IT's involvement. However, **59%** of the budget controlled by IT is now focused on growth and innovation activities to directly support business priorities and **20%** is for compliance and regulatory technology investments.

HOW IT IS EVOLVING TO SUPPORT DIGITAL



IT departments, led by the CIO, are adjusting to the new operational reality, with **56%** of UK retailers indicating that cloud-based solutions are of high importance for fast time to market for their digital transformation strategy.



Cloud has bridged a historic divide for many software vendors by allowing them to provide an end-to-end platform experience which reduces implementation costs and complexity for retailers — almost **60%** of UK retailers primarily source their IT purchases directly from vendors.



A vendor's thorough understanding of the retail industry is the number 1 criteria when choosing a supplier, in addition to cost of course.

WHY A SECURE IDENTITY ENABLES CREATIVE FREEDOM



▶ The pressure on retailers to rapidly deliver new creative content to the increasing number of digital touchpoints that consumers interact with continues to grow, and this in turn exposes them to security risks.



▶ The creation, ownership, sourcing, sharing and deployment of this IP raises the risk of potential security breaches that could cause brand, reputational and competitive damage.



▶ To combat this, **62%** of UK retailers will invest in security related solutions over the coming 12 months — and **52%** of those are investing in solutions to provide identity and access management.

WHY A SECURE IDENTITY ENABLES CREATIVE FREEDOM



When choosing a secure digital platform for creative and/or document content it is essential for it to have single sign-on across all creative tools and for content encryption both in transit and at rest.

Securely managing the singular identity of content creators across their creative tools enables retailers to minimize the risk of IP loss or misplacement and maximizes employees' ability to create rich digital content from anywhere at any time to any digital touchpoint.

All UK retail business executives surveyed have prioritized digital security as core to their digital transformation strategy.

WHY A SECURE IDENTITY ENABLES CREATIVE FREEDOM



SUPPLY CHAIN & FULFILLMENT

Optimise supply chain processes for Omni-channel service efficiency

Adopting flexible fulfillment models using stores and central hubs

Inventory and order visibility / efficiencies



MARKETING & MERCHANDISE

Merchandising integration across all channels

Near-real-time predictive planning and marketing

Collective intelligence



CUSTOMER EXPERIENCE

Evolution of the store experience
'Digitizing the store'

Omni-channel customer engagements
'single customer view'



IT INFRASTRUCTURE

Customer-centric IT & organizational integration

Cloud application services

Real-time architecture

Data consolidation to create a predictive intelligence foundation

ESSENTIAL GUIDANCE



Consumers increasingly expect low-friction digital experiences to follow them across devices inside and outside of stores. So while content remains "king", it is collaboratively creating, sharing and delivering content, across internal retail channels for numerous consumer touchpoints, that is a competitive differentiator.

Customer experiences, and the IP at the heart of them, are becoming just as important as a differentiator for consumers as a retailer's brand, product and pricing.

To meet this challenge retailers must adopt more than just creative and document authoring tools — they need to use powerful tools backed by a singular collaborative software platform that also integrates with the needs of marketers to analyze and engage consumers.

However, the need to create and deploy cross-channel digital experiences exposes organizations to potential IP mismanagement or loss. To avoid this, and to retain creative flexibility, the creator and not the tool must be the focus to provide a secure and collaborative backbone across an organization.

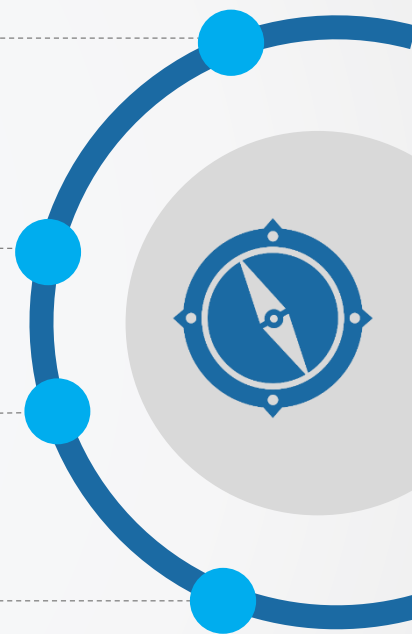
ESSENTIAL GUIDANCE

This approach provides a secure foundation for creative employees to be flexible to create content across any device, at any time, in any place, in the same way that consumers have come to expect from their cross-channel experiences.

Retailers should invest in software platforms that can evolve with them because the ability to anticipate the next inspirational and innovative customer experience will always be a challenge.

Software-as-a-service — and not its cousin, the compute-only style (IaaS) — cloud solutions must be considered for their ability to introduce new capabilities continuously and seamlessly in support of both the individual's and the organization's need to provide cross-channel digital experiences.

As consumer demand for cross-channel digital experiences grows, fully integrated content platforms become a necessity — and without these, retailers risk damaging their brand.



METHODOLOGY

The IDC data presented in this Info-Brief comes from the following industry and retail consumer surveys:



IDC's **European Digital Transformation Survey** conducted in June 2015 among 50 business executives by country. The survey was telephone based and the sample was split by industry sector and business size.

IDC's **European Retail Consumer Survey** conducted in March 2015 among 1,000 consumers by country. The survey was web based and the sample was split by country/region, age and device.

IDC's **European Vertical Markets Survey** conducted in October 2014 among 1,650 line-of-business and IT leaders. The sample was split by company size, industry and country.



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