



eBook

THE RISE OF RETAIL 4.0

How to Multiply ROI through Integrated Omnichannel

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The Evolution of Retail: Welcome to 4.0

New technology, increasing consumer demands, and rapidly-shifting economic conditions are continuing to reshape the retail industry as we enter the next phase of the retail evolution—what industry insiders refer to as “Retail 4.0.” This new environment will require retailers and suppliers to lean into digital transformation, omnichannel sales, a greater reliance on data, and a more customer-centric view of the supply chain.

Retail 4.0 will strengthen the integration between the online and offline point of sale experience by helping retailers leverage data to better understand their consumers, allowing them to proactively manage demand and increase responsiveness. The Retail 4.0 environment brings with it innovative technology that will allow retailers to anticipate market shifts and make more informed decisions when it comes to areas like marketing and inventory. By leveraging this technology, they can improve the overall customer experience across all channels.

Over the past half century, new technology has pushed the retail industry through four distinct eras of customer engagement and data utilization.



Retail 1.0

Single-Channel Retail

The era of the cash register and Excel sheets, single-channel retail marked a time when the point of sale (POS) front-end existed as a distinct and separate entity from other business systems. Cash registers were offline, resulting in manual (and usually duplicate) data entry. The POS, inventory, pricing, and other systems were not integrated. This resulted in a poor customer experience that included frequent pricing mistakes at the register, stock-outs on the shelf, and a lack of visibility into both current inventory and future product demand for the retailer.



Retail 2.0

Multi-Channel Retail

Next came the emergence of true POS solutions that went beyond the cash register. The POS could interface automatically with price databases and inventory systems. This streamlined many inventory operations and provided a higher-level view of inventory movement from the warehouse down to the register. However, these systems generated very little sales history or consumer-specific data and intelligence. Customers were also limited in that they couldn't buy an item in one location and return it to the same retailer at a different location. Inventory movement between stores was still a complex and highly manual process.

Retail 3.0

Omnichannel Retail

The retail industry's emergence into the omnichannel era was driven largely by the growth of e-commerce. Retailers began managing inventory across both brick-and-mortar locations and online channels using a unified approach that made it easier for customers to order, purchase, and return goods across multiple end points. This created a much more seamless customer experience across those channels.



Retail 4.0

Integrated Omnichannel Retail

The new integrated omnichannel era has been marked by the migration to a truly integrated retail IT ecosystem that provides a continuous view of not only inventory, but each consumer. All systems, from the ERP back-end, to the warehouse, to merchandising and POS, are fully integrated. This level of integration provides a greater understanding of the consumer, which in turn helps retailers create a frictionless commerce experience across all channels. It is an approach that meets the requirements of the digital economy, and does so in a way that both improves the customer experience, and increases sales.

Hallmarks of a Retail 4.0 Brand

Retailers face a unique set of both external and internal pressures as they transition to truly omnichannel operations. Those challenges include rising customer expectations about both in-store and online experience, as well as the need to better integrate inventory and customer views. Traditionally, retailers maintained separate, siloed channel organisations, and supported a variety of disparate business systems and technologies adopted over many years.

Their primary challenge now is to create a unified view of inventory, sales data, and customer information that can allow them to create an omnichannel customer experience.

Top Pressures, Challenges, and Strategic Actions Facing Retailers

Top External Pressures

Elevated customer
expectations

(44%)

Customer expects similar
experiences regardless of
channel

(33%)

Top Internal Challenges

Separate channel
organizations

(44%)

Multi-generation and
legacy technology
applications

(44%)

Top Strategic Actions

Create a centralized view
of customer data

(35%)

Develop an omnichannel
and multi-touch
marketing plan

(35%)

Traits of a Retail 4.0 Organisation

What does a Retail 4.0 business look like? These retailers emphasize end-to-end visibility and communication to meet customer demands and better manage inventories.



Retailer Realized ROI

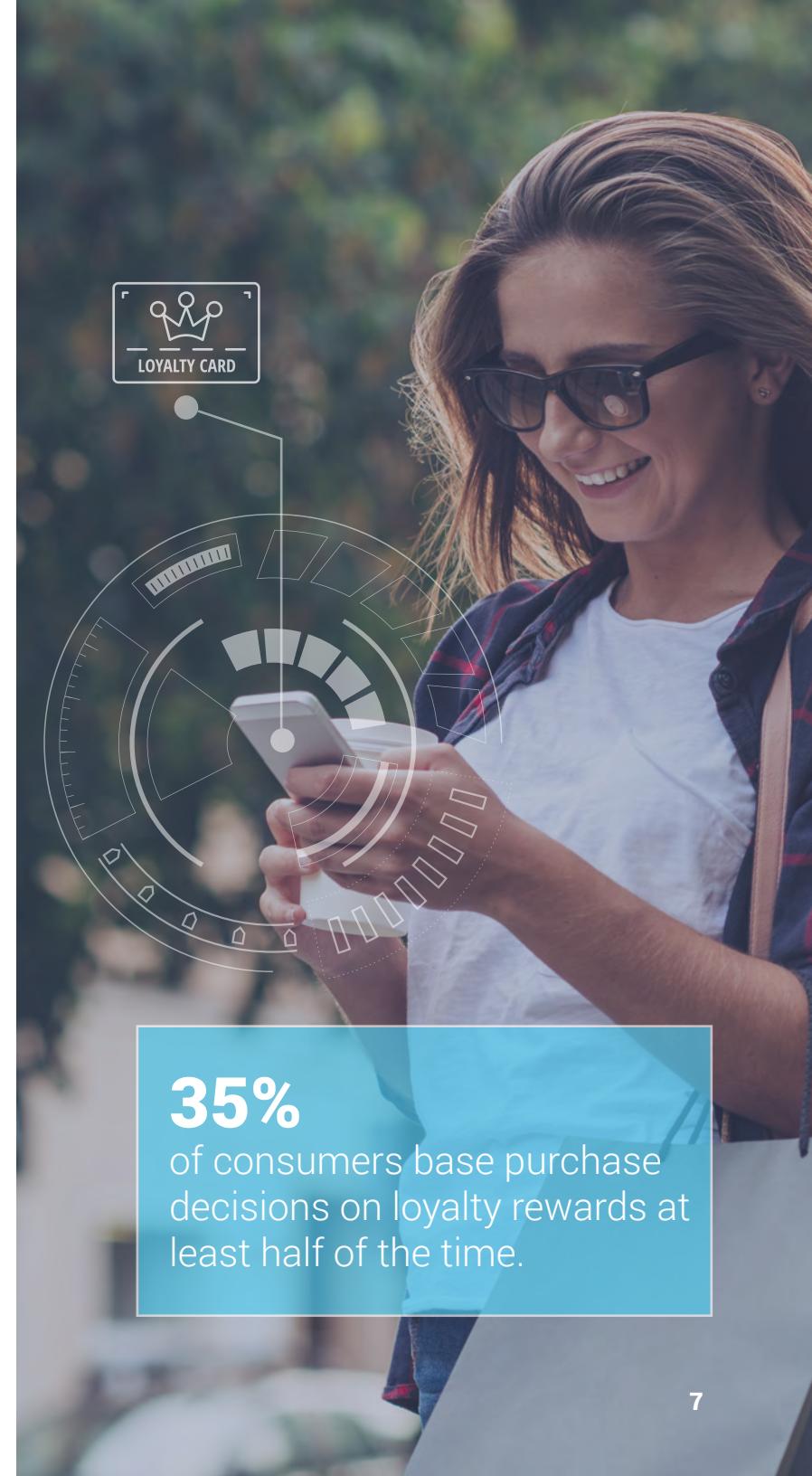
Integrated omnichannel paves the way for better shopping experiences.

5% sales increase from BOPIS/click and collect

Brand Experience Consistency

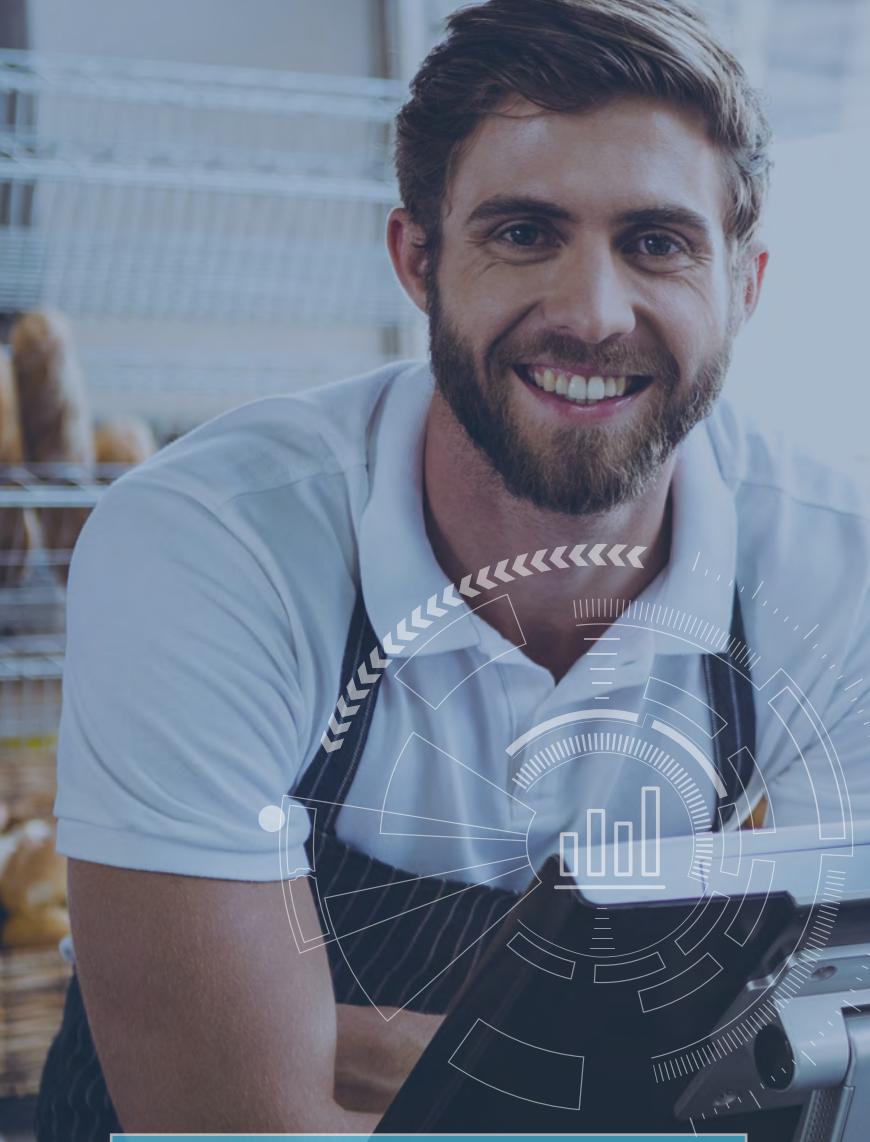
The customer experience should be uniform across all channels (in-store, online, mobile) so that the consumer feels known and recognized by the retailer regardless of their initial access point or final transaction platform. These retailers must create a unique, homogenous experience across channels that enables both applications and associates to respond quickly to individual customer requests.

These capabilities should be targeted at increasing customer convenience through features like the ability to accept online order returns at the store, and utilize reward points and loyalty cards regardless of channel. They should also enable increasingly popular functions like buy online/pick-up in store (BOPIS) and buy online/ship to store (BOSS).



35%

of consumers base purchase decisions on loyalty rewards at least half of the time.



Adopting an integrated omnichannel solution can improve data accuracy by as much as

95%

Systemic Integration



Retailer Realized ROI

Integrated omnichannel harnesses the power of analytics

10% sales increase from use of loyalty or CRM data

All major business systems (from the ERP to the POS) should be fully and truly integrated. The business should have a complete view of both inventory in all channels, and of the customer. This creates a single source of truth for business data that can be accessed both in-store and online, helps sales associates better serve customers, and improves back office processes. A retail management solution with native connectors to the ERP or open APIs to integrate other retail systems will merge otherwise disparate data to provide meaningful, actionable business insights.

Creating this single source of retail and consumer data eliminates silos between channels and operating units within the retail business. On a practical level, it also eliminates the manual or double data entry that has dogged omnichannel efforts up to this point.

With a single source of truth, retailers can also more effectively harness the power of data analytics and artificial intelligence to create better forecasts.

Inventory and Fulfillment Efficiency



Retailer Realized ROI

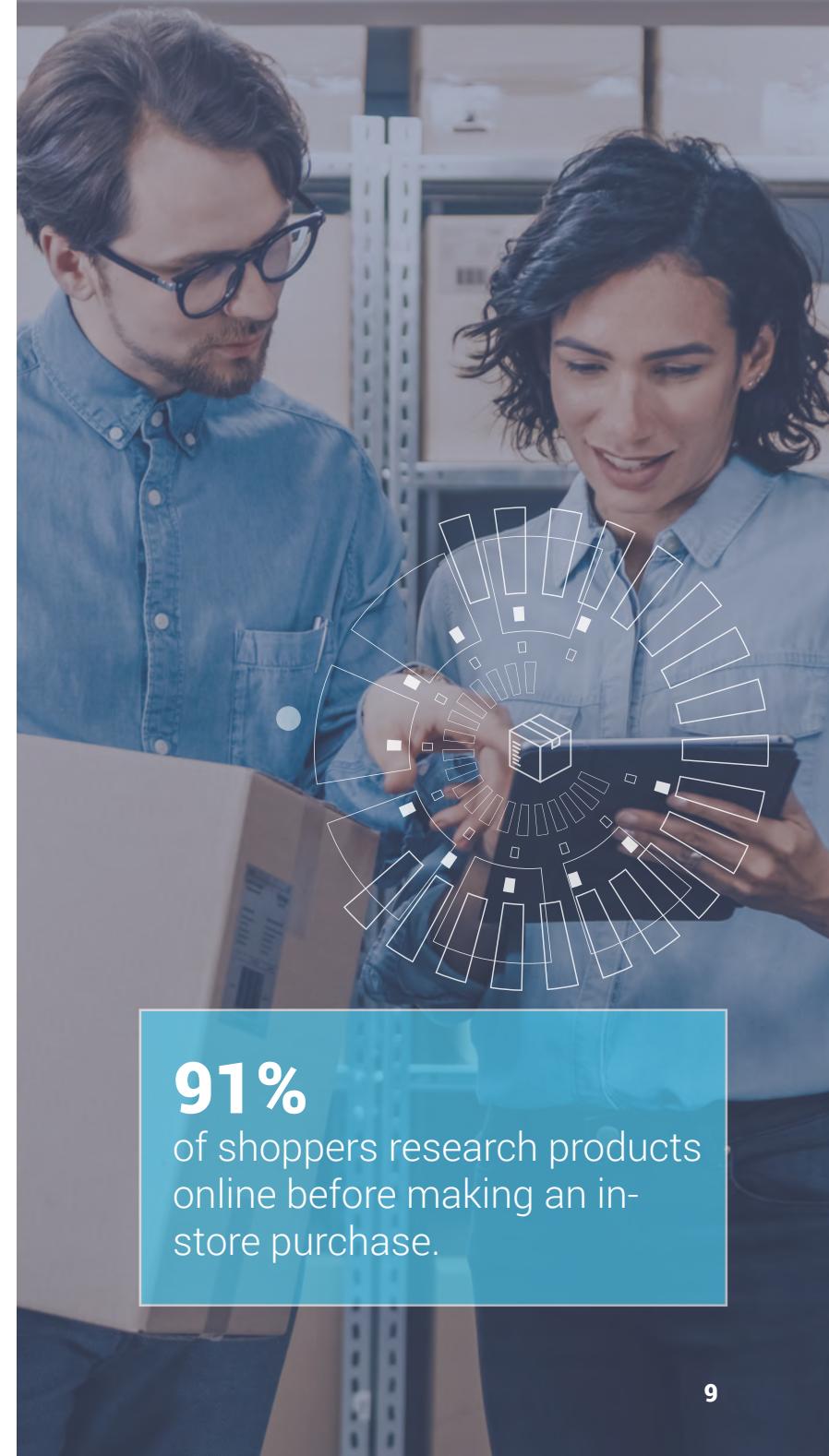
Integrated omnichannel revolutionizes inventory management.

4% savings in inventory carrying costs

Transitioning to a single stock pool that allows customers and stores to access inventory across the supply chain is also a significant evolution. More advanced retailers have begun to use their brick-and-mortar locations as mini-fulfillment hubs for store-to-store transfers, BOPIS/BOSS services, and other configurations.

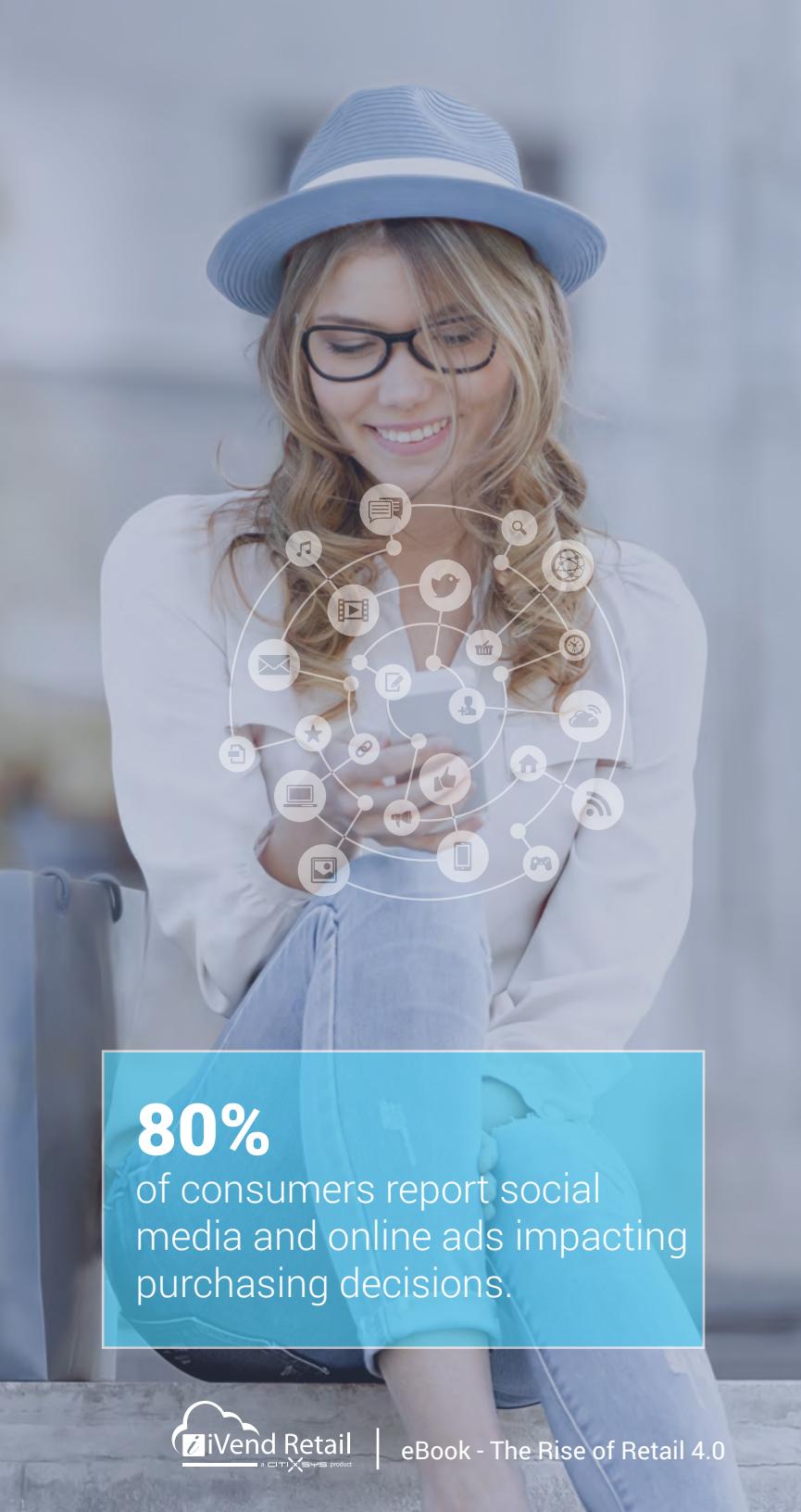
This transition also enables an “endless aisle” concept in which customers can virtually browse or order products that may be out of stock or only available online—and then have them shipped to the nearest store or to their home.

In the future, this view of inventory can be further enhanced using Internet of Things (IoT) technology at the shelf level and artificial intelligence on the back end to create a highly-granular and real-time view of inventory, vastly improving stock management up and down the supply chain.



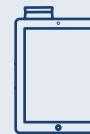
91%

of shoppers research products online before making an in-store purchase.



80%
of consumers report social media and online ads impacting purchasing decisions.

Customer Profiling and Segmented Marcom



Retailer Realized ROI

Integrated omnichannel turns store associates into sales superstars.

10% uplift from mPOS assisted selling

Customers are connected at all times, whether they are browsing in the store while comparing prices of items on their phones, or accessing the retail website from their home or office computer. This has left a trail of valuable personal data that retailers are only now beginning to fully leverage.

The availability of this data presents a marketing opportunity for retailers, in that they can create a truly personalized and frictionless commerce experience that can improve transactions in both physical and digital channels.

Retailers can build customer profiles based on social media activity, purchase history, and demographics that allow them to anticipate their customers' needs in a way that was never before possible. Armed with this information, they can create laser-targeted promotions and marketing messages. With real-time location data from customer phones, these messages can even be geotargeted with offerings for the nearest physical retail location.

Retail 4.0 Engagement

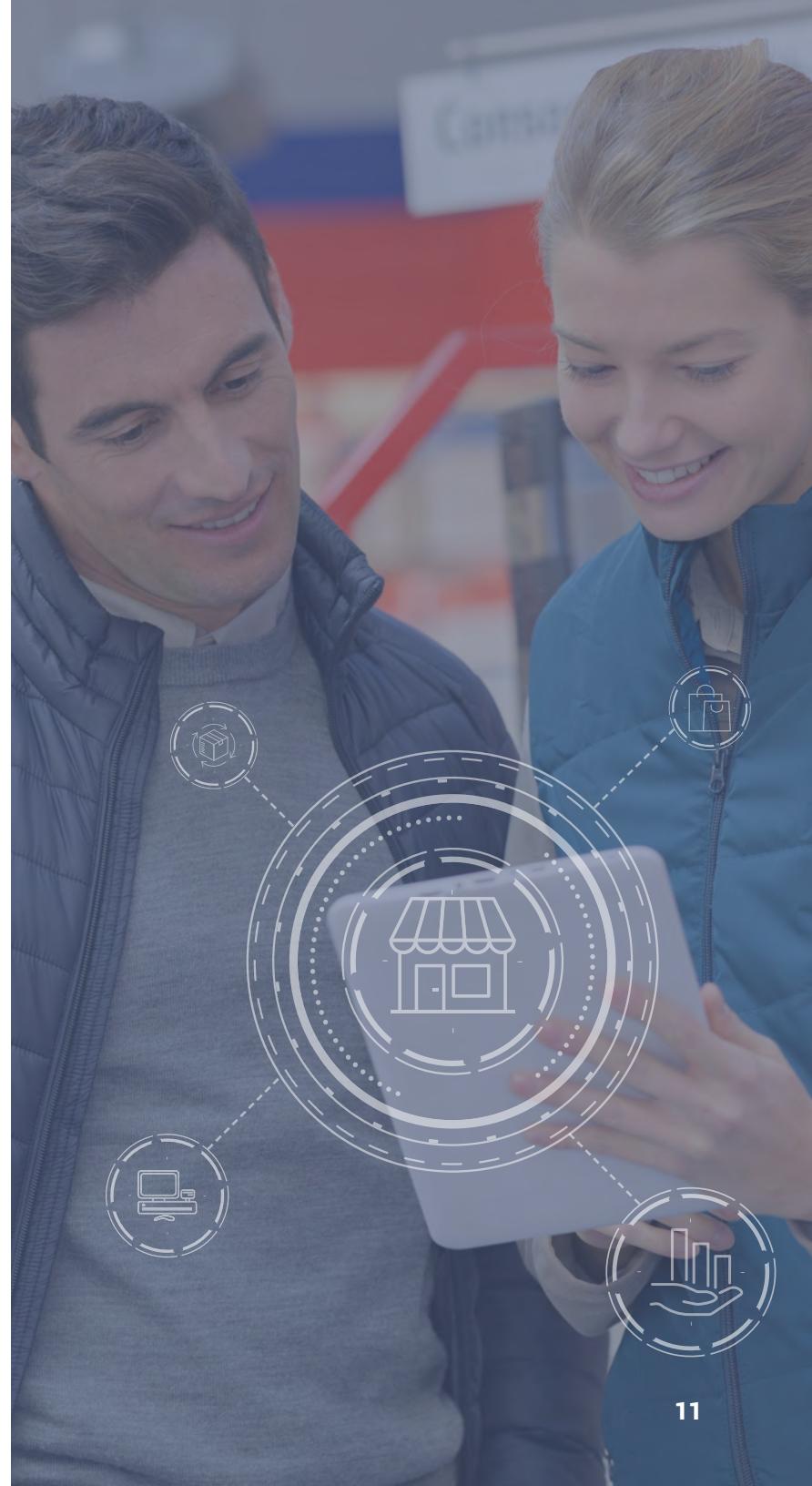
A Retail 4.0 ecosystem that leverages advanced technology to create an integrated view of both the customer and inventory will require more than just an investment in new hardware or software systems. Retailers that want to reap the benefits that Retail 4.0 promises will need to fully engage both their internal teams and their customers.

Employee Engagement

People are a key element in a successful retail solution deployment. From the C-suite to the store associates, staff should be informed about what Retail 4.0 means for their individual roles within the company, and how these efforts will affect the success of the organisation moving forward. The company culture must nurture innovation at every level, providing a solid foundation for digital transformation. Offering a unique and satisfying customer experience should be the primary focus of the entire retail organisation.

Customer Engagement

The company culture must evolve into one that nurtures customer relationships, with a focus on continually improving the customer experience. Technology and business process optimization efforts should target arriving at a flawless system that—on the inside—is interconnected through multiple integrated applications and databases. On the outside, however, customers should see a consistent brand that enables frictionless commerce across all channels with no barriers.



Realizing Retail 4.0 ROI

Each step forward towards an integrated Retail 4.0 environment enables a new level of return on investment (ROI). This accelerating ROI is not only realized through the retailer's investment in technology, but also through their investment in their own customers. Based on the experience of iVend Retail clients, that ROI is both significant and consistent.

iVend Retail Customer-Reported ROI

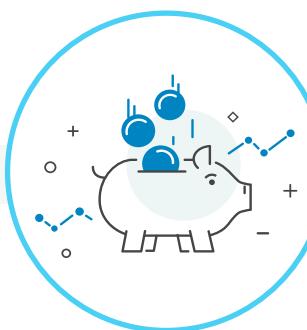
Retail 4.0 isn't just a buzzword—this integrated, omnichannel approach can improve customer engagement and retention, as well as inventory management and forecasting in ways that boost sales and increase customer loyalty. For retailers that want to stay competitive in this more customer-centric and experience-oriented environment, it will be critical to invest in the technology, training, and employee enrichment that can enable this transition.



5%-10%
increase in
sales



1%-2%
increase in net
margin



10%
reduction of inventory
investment



20%
increase in customer
satisfaction



About iVend Retail

iVend Retail by CitiXsys is a global provider of integrated omnichannel solutions for retail and hospitality chains. Our software solutions integrate vital systems to produce a flawless ecosystem where data flows instantly and freely, with minimal IT investment. Designed to provide exceptional customer experiences throughout the entire shopper and dining journey, iVend Retail solutions for point of sale, loyalty, eCommerce integration, digital passes, analytics and mobility will increase revenue, improve customer retention, and bring in new business, all while lowering your operating costs. Our suite of solutions is available through a worldwide distribution network of certified partners. For more information about iVend Retail, www.ivend.com or email us at sales@citixsys.com.



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