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???Rishi Kumar



Where to brick-and-mortar retailers go from here? After a brutal downturn in 2020, retail now enters a time of uncertainty. Shoppers are returning to stores, but not necessarily going into them. The uptake of the Covid-19 vaccine gives retailers cause for optimism, and yet the Center for Disease Control's warning of a potential fourth wave of Covid-19 tempers that enthusiasm. Meanwhile, the hard sales numbers underscore how much e-commerce has grown amid the pandemic, which is good news for brick-and-mortar retailers that have embraced e-commerce while spelling doom for those that have not. In fact, the retailers that succeed in 2021 and beyond won't allow uncertainty to stop them. They'll embrace three key strategies anchored in an omnichannel experience:

1. Double Down on Curbside Pickup

One of the biggest stories in retail in 2020 was the explosive growth of curbside pickup. Shoppers who wanted to visit stores but felt uncomfortable going into them responded to the option of having their purchases delivered to them in front of the store. By September 2020, 85 percent of shoppers had increased their use of curbside pickup. This increase benefitted retailers such as Target and Walmart that had already set up curbside pick-up prior to 2020, as well as big-box retailers such as Best Buy that possessed the infrastructure and parking lot space to expand. In 2021, we're now seeing retailers double down on curbside by making it are more valuable experience. For example, both Target and Walmart are including free product samples in customers' curbside pick-up orders. Shoppers get to try a new product for free, and the retailers get a cut of revenue from the brands who

participate in the sampling. In 2021, curbside will become more interesting and competitive.

> **Take-away**: retailers that possess strong first-party data on customers' shopping habits will personalize curbside pick-up by including product samples tailored to the interests of each shopper.

2. Master the Last Mile

In 2021, the masters of supply chain management – especially last-mile delivery – will run the table. Walmart recently underscored this reality when the company announced that its automated supply chain is "ready to scale." Walmart's actions underscore how retailers are making last-mile delivery more effective, a phenomenon we've blogged about. For example, Apple has converted some of its stores into fulfillment centers to speed up the delivery of iPhones. Best Buy has turned to one of the masters of same-day delivery, Instacart, to offer same-day delivery. Walmart is doing all of that and more. Not only has Walmart been relying on its stores to act as fulfilment centers, the retailer is also automating the process. According to Tom Ward, senior vice president of Customer Product, Walmart U.S., "Instead of an associate walking the store to fulfill an order from our shelves, automated bots retrieve the items from within the fulfillment center. The items are then brought to a picking workstation, where the order can be assembled with speed." In addition, Walmart is now making 1.5 million deliveries every week from its store (seven times more than in 2020) via Spark and third-party partners.

> **Key take-away**: winning the last mile is about having the right product ready at the right time for delivery, which is especially true for perishable goods. The masters of the last mile will need to be able to do a more precise job predicting the inventory levels, pricing, and, merchandising.

3. Re-Imagine the Store

And what of retail stores themselves? They are just as important as ever, and their role is being re-imagined. As I noted above, retailers are making better use of stores to act as fulfillment centers for speeding up the last mile of product delivery as quickly as the same day of the order being placed. In addition, retailers are taking stores to consumers through pop-up stores. As noted in this article, Lululemon and Best Buy have expanded their reach and visibility by creating convenient pop-up stores that facilitate purchase and return, which is especially timely in the age we're living in. My colleague Ahmer Inam recently discussed in Forbes how retailers can make the pop-up store experience more personal and hyperlocal by harnessing the value of customer data and put mobile to work in a more targeted way. For example, as Ahmer noted, a retailer could mine its customer purchasing data to design a pop-up experience customized for local tastes. A Target operating a Memorial Day pop-up store in the Chicago suburb of Naperville might offer a radically different selection of fashion, entertainment, and accessories than a Target operating a similar pop-up store only 30 miles away in largely Hispanic Pilsen neighborhood of Chicago.

As for the in-store shopping experience, retailer are planning head for a post-Covid-19 world. Target has announced it is fortifying the in-store shopping experience by opening up micro-stores for Apple

and Ulta inside Target spaces. Meanwhile, Walmart recently unveiled a store design that focuses on moving people through the store faster and encouraging use of the popular Walmart native app.

> **Key take-away**: a better shopping experience requires mining customer data and tailoring the concept of the store to their own needs.

Where We Go from Here: Building Personalized Intelligent Digital Solutions with help of an Intelligent and Adaptive Digital Fabric

Retailers don't need to throw away old ways of working to win in 2021. By adopting an intelligent and adaptive digital fabric, they can become more responsive to customers, make their supply chains smarter, and reimagine retailing – all without needing to overhaul their existing information technology infrastructure. As Centific shared in a recent point of view, an intelligent and adaptive digital fabric means that AI-based computer technology applies machine learning to ingest all that customer data and spit out myriad outcomes. If done correctly, a business can get a quick and comprehensive overview of the entire business in real time. An intelligent and adaptive digital fabric goes beyond reporting a single data point in real time. Instead, omnichannel retailers quickly understand patterns of data (intelligence) to not only react but anticipate what customers need at different stores.

An intelligent and adaptive digital fabric results in retailers not only understand customer preferences but predict them. With that knowledge in hand, the retailer can make its supply chain senses and responds to real-time data. When retailers get real-time insight into consumer purchasing behavior, they can respond in more agile fashion – not only in how they stock products but also in how they price them. Agile supply chains that sense and respond to consumes also support more personalized service.

What Retailers Should Do Next

To get started, we suggest:

- First assess what your pain point is. Are you trying to reduce customer churn? Reduce returns? Improve the quality of curbside pick-up? Fulfillment issues?
- Develop an agile plan to develop an intelligent and adaptive digital fabric. We strongly suggest a crawl-walk-run approach that breaks down development into smaller test-and-learn stages. Most retailers are too complex to go from zero to 100. There are too many stores to manage and too many employees to train. It's better to break down a change like this into manageable chunks.

Adopting an intelligent and adaptive digital fabric is not an either/or choice. Retailers can build off their existing data infrastructure rather than replace it. If you need to improve your loyalty program with an intelligent and adaptive digital fabric, you don't need to build your loyalty program from scratch. Consider an intelligent and adaptive digital fabric as a layer that improves your existing technology by connecting strands of customer data and delivering insight in real time. We are helping our customers bringing together data, intelligence, and experiences to deliver human-centric solutions to solve these complex business challenges. To learn more, please contact me **contact Centific.**

About the Author:

Rishi Kumar is Associate Vice President with Centific. He is a thought leader, transformation strategist with 15+ years of industry experience focusing on business transformation, digital transformation, and enterprise agile transformation. With his thought leadership and commitment to customer centricity, he helped multiple fortune 100 companies in their Digital Transformation journey. He is focused on making strategic client relationships and solving their problems as a strategic partner. He played various roles like Portfolio manager, Practice Lead, Enterprise Agile Coach, Digital Engagement Director etc. He is an exceptionally involved people person and inclusive leader.Rishi resides with his family in Bentonville, Arkansas.

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