The Brave New World of Retail

Forget what you knew about retail. Already in a state of transition, the retail industry was permanently transformed by the COVID-19 pandemic. Whatever the future brings, retailers can succeed by applying three basic tenets: know the consumer, deliver what they want and never, ever break a promise.

BlueYonder
Fulfill your potential™

Navigating a Transformed Retail Landscape

The retail industry has been steadily evolving toward a highly consumer-centric model, in which shoppers want to purchase products anytime, anywhere, on any device. The COVID-19 pandemic has only accelerated this shift. In 2020, online shopping in the US topped $794 billion, accounting for 14.4% of all retail spending.[1] And this trend isn't going away:

e-commerce is projected to grow to

21.8%

of all retail sales worldwide by 2024.[2]

With the lines increasingly blurring between physical and online stores — and the rise of numerous fulfillment channels — retailers are challenged to protect their profit margins, while offering the incredibly high service levels consumers have come to expect.

As the industry transitions to the "new normal," retailers need to deliver not only extremely accurate order promising, but also speed and convenience options such as same- or next-day delivery, curbside pickup and buy online/pickup in store (BOPIS). They also need to digitize their physical stores in order to draw shoppers back in.

How can retailers accomplish this?

This ebook outlines three key e-commerce strategies:

1 Know the consumer

2 Deliver new levels of speed and convenience

3 Make, and keep, profitable promises

2020 e-commerce sales in the US exceeded

$794B

an increase of

32.4%

in a single year.[1]

Know the Consumer

With millions of consumers shopping through multiple channels, how can retailers provide the kind of personalized experiences shoppers are looking for? The answer lies in artificial intelligence (AI).

Human analysts and planners are overwhelmed by the sheer volume of retail data that's available today, from broad shopper demographics and industry trends to consumer-specific insights like order history and apparel sizing preferences. But AI engines, combined with data science and predictive analytics, can translate this enormous volume of data into actionable execution plans across ordering and fulfillment — considering inventory levels in regional warehouses, product selections in local stores, and the transportation costs and timetables associated with moving products.

Best of all, AI operates in real-time, maximizing retailers' agility as shoppers' needs and behaviors change. The traditional retail supply chain was characterized by lag times and blind spots that often left retailers hanging, burdened with excess inventory in one channel and out-of-stocks in another. AI fuels a new level of speed and agility by continuously predicting what will happen next — and aligning inventory and supply chain assets with the new reality.

80%

of shoppers say they're more likely to make a purchase when retailers recognize their needs with personalized offers.[3]

Deliver New Levels of Speed and Convenience

The emergence of COVID-19 resulted in skyrocketing demand for curbside pickup, BOPIS, regional pickup lockers, drive-through fulfillment and other services. While demand for these services might have emerged, in part, from health concerns and social distancing guidelines, consumers soon embraced the speed and convenience of flexible fulfillment.

Retailers who pivoted and offered these options quickly benefited from increased sales in the short term. But retailers who can continue to customize their services at scale, profitably, will be the real winners in the longer term.

Retail success comes from the ability to provide customer-centric experiences from the beginning of the shopping journey. Retailers that are able to provide accurate inventory visibility across channels, show urgency to buy messaging, and deliver accurate order by/get by dates can increase conversion rates and reduce cart abandonment.

As stores re-open, retailers also need to draw shoppers back via new in-person experiences. Because consumers have spent months becoming accustomed to digital channels, retailers now need to digitize their brick-and-mortar locations. Associates can now make smarter product recommendations, based on consumer-specific data that's been collected online. Shoppers can access personalized content on their smartphones as they enter the store, or try on apparel virtually in a smart, augmented-reality mirror that replaces fitting rooms.

Curbside pickup sales at Target grew

600%

in 2020, requiring a significant shift in fulfillment practices.[4]

Make, and Keep, Profitable Promises

As consumer expectations and preferences evolve, retailers need to make more ambitious promises in terms of product availability, fulfillment options and the overall shopping experience. An overwhelming majority of shoppers embraced new retail models due to COVID-19, and they expect their behaviors to keep evolving. This is an enormous blow to the traditional concept of brand or channel loyalty.

As retailers work to regain shopper loyalty, they must make availability and fulfillment promises with a high degree of confidence. Nothing erodes consumer loyalty more than a missed delivery, or a product that should be waiting at the store or in an online cart — but ultimately isn't available to purchase.

Today's fulfillment optimization engines solve this problem by considering individual shopper needs along with a host of complex factors such as the availability of inventory, its location, the likelihood of markdowns, and transportation and supply chain costs — then arriving at an optimal, yet achievable fulfillment plan. Profitability and service are balanced according to predefined rules and constraints. Decision engines match products and services with consumers in real-time, then autonomously execute fulfillment plans with little to no human intervention.

75%

of US shoppers changed their shopping behavior in 2020 — and they expect to continue embracing new behaviors.[5]

Drive E-Commerce with Blue Yonder

For retailers going through their digital transformation journey, this is a great time to explore solutions that enable them to deliver on their promise to customers. Blue Yonder's Luminate Commerce "click to deliver" solutions are API-based microservices that can be augmentatively added into a business's existing systems quickly. They are designed to help retailers navigate this brave new world by providing inventory availability across their network, enabling order optimization, managing and executing orders, and supporting omni-channel fulfillment options, along with insights and visibility.

With a full suite of extensible microservices that can be quickly deployed in a matter of a few months within existing systems, retailers have the required solutions they need to provide customers with personalized experiences — and drive unprecedented e-commerce growth. Blue Yonder can help increase orders, customer purchases and conversion rates, while reducing cart abandonment and customer service calls. In a transformed world, Blue Yonder helps retailers not just survive, but thrive in the face of continued volatility.

Learn more at https://blueyonder.com/
solutions/inventory-and-order

[1] https://www.emarketer.com/content/us-ecommerce-growth-jumps-more-than-30-accelerating-online-shopping-shift-by-nearly-2-years

[2] https://www.statista.com/statistics/534123/e-commerce-share-of-retail-sales-worldwide/

[3] https://www.cmswire.com/customer-experience/6-personalization-tips-for-a-better-customer-experience/

[4] https://www.digitalcommerce360.com/2021/03/02/omnichannel-fuels-targets-145-growth-in-ecommerce/

[5] https://fortune.com/2020/10/21/brand-loyalty-retail-trends-covid/

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