



DIGITAL COMMERCE SURVEY

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“Retailers need to transform their disparate systems and processes into one unified platform to offer a seamless shopping environment. The challenge is that customers are not likely to remain patient while retailers try to reinvent themselves.”

Jeffrey Neville, BRP vice president

Introduction

Retail is changing at the speed of light. Consumer behavior and mobile technology have dramatically changed the traditional retail model and it's not over yet. Amazon continues to disrupt retail as it delves deeper into brick-and-mortar with the acquisition of Whole Foods. Meanwhile, bankruptcies and store closures make daily headlines, as the phrase 'retail apocalypse' becomes the topic of many conversations.

These developments dictate retailers' necessity to adapt to the new customer journey to accommodate the blurred lines of retail and innovative methods of shopping driven by mobile technology, artificial intelligence and rapidly changing fulfillment methods, which are completely changing the notion of customer service. To succeed, many retailers may need to reinvent themselves to create an effective blend of the physical and digital worlds to maintain customer loyalty. Unfortunately, customers are not likely to remain patient while the retail industry tries to update its outdated systems and processes.

Mobile technology has completely changed the way we live our lives – the phone in our pocket or purse can be used to guide us when we are lost, maintain flight and hotel information when we travel, or deposit a check into our bank account. And it can be used to research and shop for all our desired products – sometimes. While the banking industry has transformed itself by offering customers the ability to check funds or deposit a check wherever and whenever they want from their phone, the retail industry is still lagging on delivery of its customers' desire for wherever, whenever commerce.

As the face of retail changes, BRP's Digital Commerce Survey is also changing. This survey originated as an e-commerce survey and then quickly segued to encompass digital commerce to reflect the significance of mobile within the retail environment. Now, BRP continues to expand the survey to assess the impact that digital commerce will have on the retail model as the lines between channels blur and converge into unified commerce.

For retailers, the time is now to innovate the customer experience by transforming disparate systems and processes into one unified platform and offer a seamless shopping environment. It is time to prepare for the future of retail – it is here – ready or not.

Within this challenging environment BRP conducted its 2017 Digital Commerce Benchmarking Survey to understand the current retail challenges and available opportunities as we face the future of retail.

Driving Forces

While retail is going through challenging times, the transformation is exciting with new technologies and opportunities arising to enhance the customer journey. The next year will bring further transformation and we have identified four major trends that will drive fundamental changes in retail.

Trend #1: The blurring lines of retail

Retail can no longer be just a store, a website, or mobile phone – it must be a cohesive channel-agnostic brand experience. Competition continues to expand as today nearly every retailer competes against Amazon and non-traditional retailers such as start-ups, brands, and wholesalers that are reaching across traditional boundaries for a

stake in the game. Products are becoming brands while brands are becoming products, while retailers are using services and data to drive the customer experience and disintermediation is becoming common.

The opportunity: 54% of retailers indicate that a consistent brand experience across channels is a top priority although achieving that becomes more difficult as channels continue to expand (**Exhibit 1**). This has been a top priority for retailers over the past three years so they understand the importance, however, the current disparate systems, manual processes and siloed organizations will continue to make this difficult to achieve. Those retailers that effectively deliver a cross-channel experience will have a competitive advantage.

Trend #2: Curated shopping

Curated shopping involves the creation of exclusive product lines to provide customers with a unique and personalized collection catering to their specific tastes or interests. With artificial intelligence capabilities becoming more mainstream, additional retailers will offer curated subscription services, going beyond simply offering consumers merchandise to challenging employees to fundamentally rethink the merchandising process.

The opportunity: 38% of

retailers indicate that improving personalization is a top priority but personalization can only occur if retailers are able to identify the customer and then – quickly and easily – access their likes, purchases, preferences, etc. to offer personalized product suggestions (**Exhibit 1**). Personalization is becoming critical to consumers so those retailers who can identify their customers have a head start on the competition.

Trend #3: Shopping by voice

As digital assistance becomes more mainstream and consumers become accustomed to new behaviors – researching and shopping by voice command will replace browsers such as Safari, Internet Explorer and Chrome as the main form of search. With more than 10 million Amazon Echos powered by Alexa¹ and more than 715 million iPhones (worldwide) with Siri² in consumers' homes and pockets, it is easy to see the possibilities.

The opportunity: 30% of retailers indicate they are prioritizing the convergence of physical and digital shopping environments; however, a single commerce platform is necessary to enable a unified commerce environment (**Exhibit 1**). Currently only 24% of retailers have implemented a unified commerce platform but within three years 81% plan to have one installed (**Exhibit 13**).

Trend #4: Autonomous fulfillment and delivery

Fulfillment continues to evolve as customers expect their purchases as quickly as possible while retailers strive to fulfill orders as efficiently as possible. Autonomous delivery and distribution are the next step with self-driving vehicles soon a reality and a few start-ups now testing the concept.



¹ Amazon Echo Dot Drives Fast Growth, May 8, 2017. <http://files.constantcontact.com/150f9af2201/ac5db202-a413-42da-ab8b-fee61f1acc6e.pdf>

² Here's How Many iPhones are currently being Used Worldwide, March 6, 2017. <http://fortune.com/2017/03/06/apple-iphone-use-worldwide/>

The opportunity: 22% of retailers are focused on decreasing the cost of delivering to customers (**Exhibit 1**). With Amazon offering same day delivery in some markets, the push is on for retailers to get items delivered to customers as soon as possible. Some brick-and-mortar retailers are utilizing their already established stores as mini distribution centers as a more efficient way to provide products.

While some of these trends may not impact every retailer within the next year, there is no denying that the retail environment and associated customer behaviors continue to evolve. To succeed, BRP has identified three major pillars that are retail imperatives. Retailers need to create a **Personal, Ubiquitous, and Unified** environment to enhance the customer's shopping experience, improve customer loyalty and increase sales.

Personal

Combining behavioral, historical and customer profile data empowers the retailer to deliver tailored and relevant content to meet customers' individual needs.

Customers want to shop wherever and whenever they want with the benefits of both the digital and physical retail environments. Personalization plays a critical role in optimizing the customer's shopping experience. Retailers need to know whom the customer is to create a meaningful experience based on what they want and when they want it. Each step along the customer journey offers retailers another opportunity to engage with the customer and strengthen that personal relationship to drive sales and customer loyalty.

Effective customer engagement requires retailers to offer personalized, relevant, compelling and consistent services across channels. The online or mobile shopper is now accustomed to a plethora of convenient options for product research and personalized recommendations as they shop anywhere and everywhere. The retailers surveyed are focused on personalization with 38% indicating it is a top digital priority (**Exhibit 1**).

Identifying the customer

Customer engagement is key to enhancing the customer's shopping experience, whether online, via a mobile app or in the store. To engage with the customer, retailers need to quickly and easily identify the customer to personalize the shopping experience. Therefore, it is imperative to identify the customer early in the shopping process and at every touch point. This initiates the dialog and sets the foundation for relationship building. Identifying the customer as they enter the store – via their smartphone, beacon or other technology – affords the retailer the opportunity to personalize the customer's shopping experience.

Two-thirds of the retailers plan to utilize customer-identifying technology in the store within two years (**Exhibit 2**). However, in many cases, the customer is not identified until the point of checkout. This is too late to empower the associate to personalize the shopping experience. Customer identification needs to happen when the customer enters the store to enable associates to personalize the experience and influence purchase decisions.

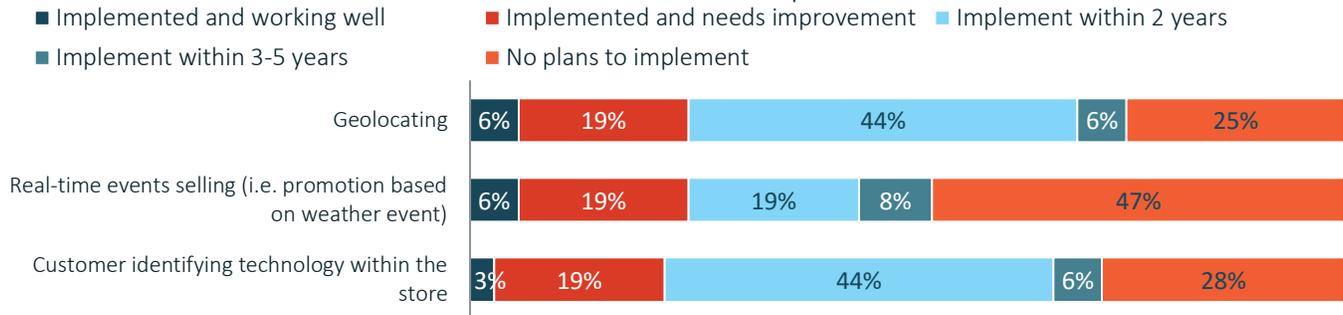
Retailers must infuse digital features into the store environment to exceed customer expectations, compete more effectively and offer a more complete shopping experience. Digital commerce is more than purchasing an item online – it is the convergence of the digital experience with the physical environment, as customers carry their ability to shop anytime in their pocket or purse.

Customer context

Once the customer is identified, understanding her profile, location and the current environmental factors (i.e. time, weather, traffic, etc.) enables the retailer to immediately communicate relevant and contextual messages – what we call customer context communications. Customer context is defined as the interrelated factors of customer insights and environmental conditions that make the shopping experience relevant to the individual customer.

Exhibit 2

Customer Identification Capabilities



When content is personalized and relevant to the customer, it strengthens the brand relationship and increases customer loyalty. This information must be instantly available when a customer enters the brand's website, mobile app, or store for effective customer engagement. Without this data in real-time, any information provided internally or externally is out-of-date and can be inaccurate and out of context. Retailers must collect, analyze and respond, in real-time, to their customer's interactions across all touch points.

Geolocation is one method retailers utilize in the store to understand where the customer is and automatically provide messaging based on gathered customer insight. Geolocation uses a combination of indoor location-based technologies and a customer's mobile device to transmit their location within the store. This information can be utilized to send promotions or information based on the proximity of merchandise or displays. According to the survey, 69% of retailers plan to utilize geolocation within two years (**Exhibit 2**).

Once the customer has been identified and pertinent information is accessed on the customer and context, how the retailer chooses to implement customer engagement is a key differentiator in personalizing the customer experience. In today's digitally focused world, customer engagement has to be holistic and it must transcend channels.

Customer engagement

Today's well-informed consumers are not satisfied with just a 'warm body' or 'one size fits all' experience – they expect retailers to put time and effort into establishing and offering a personalized experience. How the organization selects, implements, and incentivizes a given engagement model should be aligned with the customer experience. This ensures that the customer's expectations are met or exceeded.

In the store, sales associates are an integral part of personalization – offering relevant recommendations and offerings. When a customer shops online they still expect that same type of personal interaction. However, there are service gaps between the personalized attention received in the store and the personalization available online. Retailers will need to continue to look for opportunities to merge the digital and physical retail environments to personalize the shopping experience and satisfy their customers wherever they shop.

Curated shopping

One trend where the physical and digital environments converge to offer personalization is curated shopping or assortments. Curated shopping involves the creation of exclusive product lines to provide customers with a unique collection catering to their specific tastes or interests, often on a subscription basis.

A curated assortment offers customers the ability to discover products based on their own personal preferences. What began as a few brands looking at a different way to personalize the shopping experience for their customers has now led to the emergence of a number of curated shopping services. These services incorporate many of the

core areas of personalization addressed above – it requires the ability to identify the customer, understand customer context and engage the customer to offer them a personalized experience.

One area that has made traction in the last few years is a curated assortment of products based on a personal stylist. In this model, consumers indicate their likes, dislikes, preferences and budget to help “guide” the personal stylist. Based on their specific profile, a customized assortment of apparel, accessories, food, etc. is sent to the customer. In many cases, the customer has the option to pay for what they like and simply return the rest. A few brands that have made their name this way include Stitch Fix for clothing, Birchbox for cosmetics and Blue Apron for meal delivery.

Curated shopping is based on the fact that customers want a personalized experience and they will seek advice from experts to help them with the process. Retailers and brands that provide this service are able to use this type of personalization as a core differentiator. It also serves to offer the customers a more memorable experience when they shop, which enhances customer loyalty.

A key to success for curated shopping is the capabilities of the associates involved. For Stitch Fix, it means approaching data in a different way, utilizing data scientists and statistical modeling in addition to stylists to create a new retail model. For other retailers, it may just be challenging the organization to think outside the box and create new opportunities to cater to customers.

The future of personalization

The top digital initiative is to improve personalized content with 43% of retailers focusing on this (**Exhibit 3**). One of the ways retailers are improving personalization is utilizing artificial intelligence technology to create and analyze customer data to further personalize the experience.



Artificial intelligence

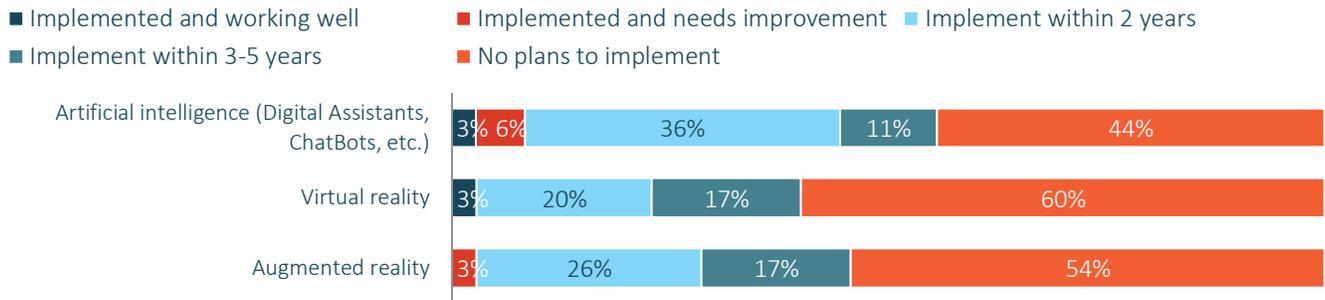
Now, more than ever, consumers expect a certain level of personalization when interacting with a brand. With the advent of artificial intelligence (AI), retailers have the capability to reach a much larger group of consumers on a personal level. As such, it should come as no surprise that many retailers are using AI to help boost both their products and services. Retailers can use AI to pinpoint the most convenient time of day to reach out to consumers with products they would be willing to purchase based on past clicks and website visit data.

In an effort to further personalize the customer experience, many retailers have started integrating aspects of AI, including machine learning and natural language processing, into their organization. More than half (56%) of the retailers surveyed utilize or plan to utilize AI within the next five years (**Exhibit 4**).

The Mode.ai bot allows customers to customize their shopping experience using AI to drive a personal style assistant through Facebook Messenger. The success of Amazon Alexa, Google Home and Siri demonstrate that AI is a leading technology to watch. Voice-enabled retail bots such as Alexa, log a tremendous amount of data regarding customer preferences that can be leveraged to personalize and influence the shopping experience.

When AI and machine learning are used to analyze customer experiences outside of the retail industry, new insights are gathered which can lead to innovation across the entire customer journey and create new touch points. This helps in the development of new processes, services, or products that wouldn't have otherwise been considered. This gives businesses the opportunity to create what doesn't exist because customers are changing faster than executive philosophies.

Exhibit 4
Disruptive Technologies



Innovative use of voice technologies creates opportunities to elevate the omni-channel experience by enabling customers to talk to a virtual clerk in a store, on their phone, at home on an Amazon Echo, or through a chatbot on the retailer's mobile app. The conversation could be accessed and continued across all channels, customizing the experience on the fly.

Virtual reality

Virtual reality technology is not new, but developers are now coming out with hardware innovations daily. The creation of Google Cardboard offers the ability for nearly everyone to participate. The device converts any smartphone into a virtual reality headset with two lenses and a magnet plus a piece of cardboard.

Virtual reality eliminates the limitations of space and time, so truly the opportunities are unlimited. Anything retailers can dream of can still be created. 40% of retailers plan to utilize virtual reality within five years (**Exhibit 4**).

Augmented reality

Augmented reality (AR) is the latest technological innovation sweeping across the retail industry. AR made its big entrance to the market last year, when Pokémon Go took the world by storm. Through AR, retailers can offer consumers a more personalized experience. Innovative retailers are inspiring their customers and offering them the ability to see what a product looks like in their home or even on the customer with new augmented reality capabilities.

AR has some interesting applications and opportunities as the ability to mix virtual and real elements can be game changing – especially in furniture and home décor. Customers can appreciate how a product would look in their own home rather than the home in a catalog. AR benefits the retailer, not only by boosting sales but also by providing customer service and displaying products without spending money. Nearly half (46%) of retailers plan to implement augmented reality within five years (**Exhibit 4**).

RETAILER EXAMPLE:

Wayfair launched its Patio Playground VR app in July 2016. It allows for more interaction by combining 3-D scanning and visualization capabilities with Facebook's virtual reality headset to inspire customers as they browse items for their home.

Today's mobile technology offers consumers incredible opportunities to access information, buy products and communicate with anyone in the world, at anytime, from anywhere. This vast array of information also causes an overload for customers, and personalization is critical in breaking through that overload to make an experience special. Personalization is not just a trend – it is a critical way for retailers to differentiate themselves from companies like Amazon and survive.

Ubiquitous

Customer expectations for a personalized, seamless experience require retailers to have the ability to follow customers' journeys as they research and shops from anywhere.

The pervasiveness and user-friendliness of mobile devices offers tremendous opportunities for retailers as the customer takes control of their own retail experience across channels. Mobile purchases are still a small percentage of overall retail sales but there is no denying the power of the device as a research and informational tool for customers. Retailers realize that mobile devices are ubiquitous and recognize that a mobile device in the customer's hands holds tremendous opportunities to enhance the customer experience across channels. As time-constrained consumers demand more convenient and expedient shopping and delivery options, it is critical for retailers to offer omni-channel fulfillment options such as buy online, pick-up in store, same day delivery and other flexible delivery choices.

To offer customers the seamless experience they want across channels, retailers need to make it unified and transparent. Customers want access to a single cart to shop across channels and be able to reach their cart via phone, computer, or even in the store. Further, customers want the ability to "start anywhere, finish anywhere" with their shopping cart. The ability to track customer orders across channels and devices is gaining momentum, and having a single order management system (OMS) to host the shared shopping cart is going to be essential to deliver the capability across channels that comes from true unified commerce (**Exhibit 5**).

Mobilization of retail

In today's digital and mobile environment, consumers expect their needs to be easily met within a "reasonable" amount of time without confusion or frustration. This requires a seamless, frictionless shopping experience and while most retailers recognize this goal, execution is not that easy.

Expansion of mobile capabilities represents a huge customer engagement opportunity for retailers. 41% of the retailers are focused on improving the mobile shopping experience as a top priority (**See Exhibit 1**). While the main goal of mobile technology from a retailer standpoint may be to drive sales, it is also the conduit that bridges the convergence of the digital and physical experiences. A customer's smartphone is also the key to customer identification and personalization of the in-store shopping experience.

Today, more retailers focus on mobile websites than separate native mobile apps, with 60% of retailers offering a mobile website and 53% offering a mobile app (up from 36% last year). However, there are a number of retailers

Exhibit 5
Customer Tracking Across Channels

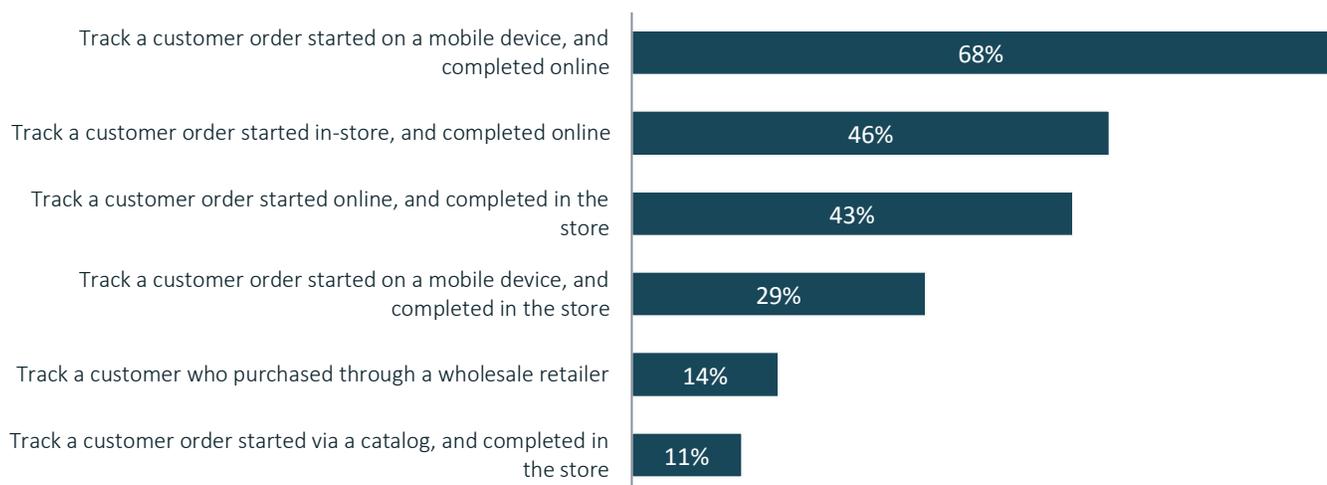
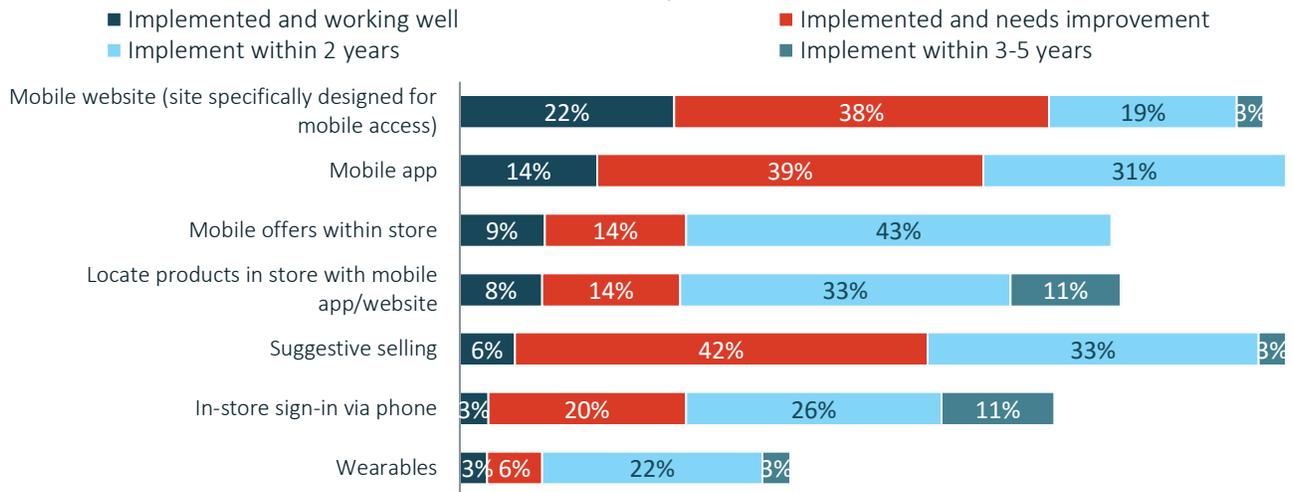


Exhibit 6
Mobile Capabilities



that have implemented mobile apps in the last year and another 31% plan to add one within two years (**Exhibit 6**).

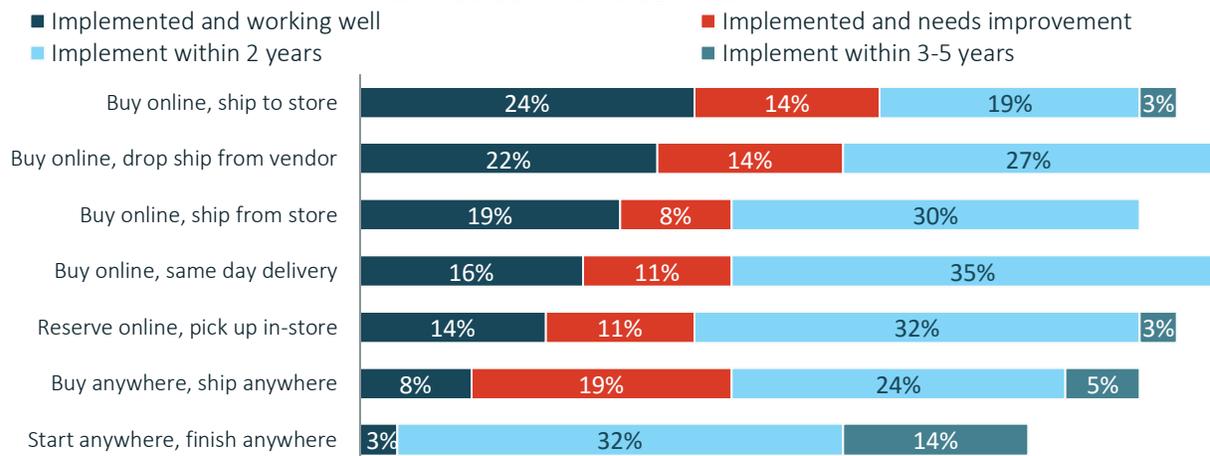
There is also growing trend in the industry to use Progressive Web Apps, which combine the best of both worlds, offering a mobile web experience that is fast-loading, less data-intensive and engaging in all the right ways. This allows the retailer to offer the desired mobile website with many of the benefits of an app without requiring customers to spend extra time and multiple steps to download the app to their phone which disrupts the shopping experience. Progressive Web Apps will likely lead to more retailers optimizing their mobile websites instead of building a separate mobile app to engage their customers.

Cross-channel services

The customer wants to be able to research, purchase and take delivery wherever and however they want and they want to be able to “start anywhere, finish anywhere.” Fortunately, half of the retailers surveyed will offer “start anywhere, finish anywhere” capabilities within five years, up from 3% today (**Exhibit 7**).

To offer the customer the expected unified commerce experience, retailers must unify product, pricing and inventory data across the brand and create a “transparent” customer-facing environment. This also places pressure on retailers to offer the flexible ordering and delivery capabilities that are necessary to meet consumers’ elevated expectations.

Exhibit 7
Unified Commerce Services



Many retailers have started down the unified commerce path by offering services that provide the expected seamless holistic shopping experience. The ability to “buy anywhere, ship anywhere” is gaining ground, as 27% of respondents have implemented this capability up from 16% last year (**Exhibit 7**). 62% also plan to offer the ability to buy online with same day delivery, which demonstrates the convergence of channels, as customers want the same immediate gratification they get with in-store purchases.

Same day delivery will become the norm within the next few years. Buy online, pick-up in the store (BOPIS) is really just an interim step as retailers work towards the ideal of same day delivery to compete against the Amazon model. Enterprising retailers understand that this can enable the storefront to operate more like a showroom and change how retailers and customers view the traditional store.

On the flip side of purchasing, we also asked about return capabilities across channels because customers want the ability to purchase online and return in-store or even purchase at one store and return at another. Nearly two-thirds of the retailers offer the ability to buy in one store and return at another store and the ability to purchase online and return to the store (**Exhibit 8**).

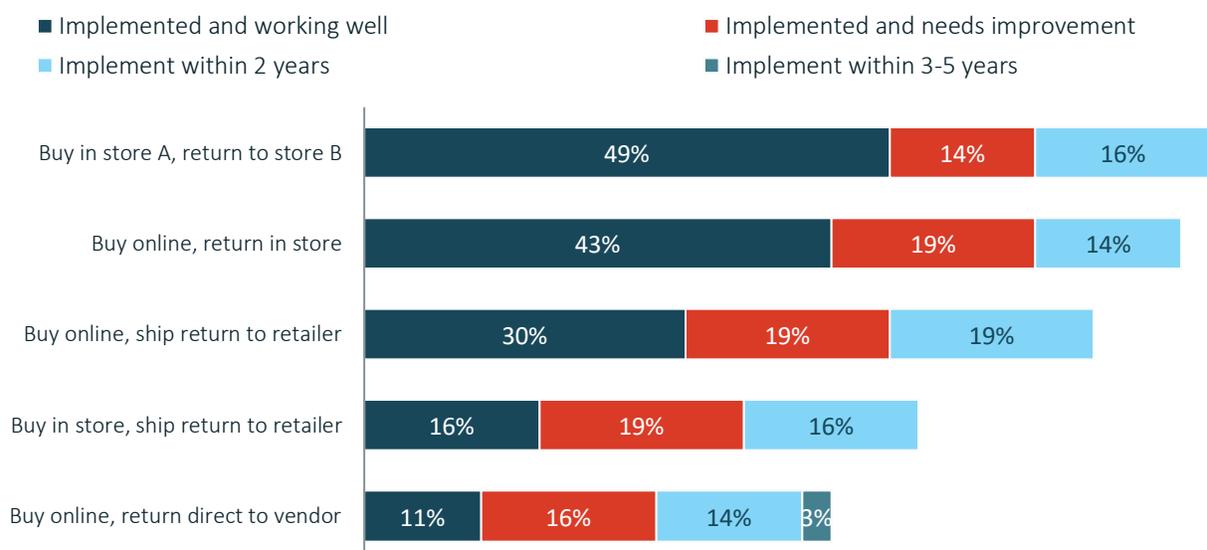
Fulfillment options

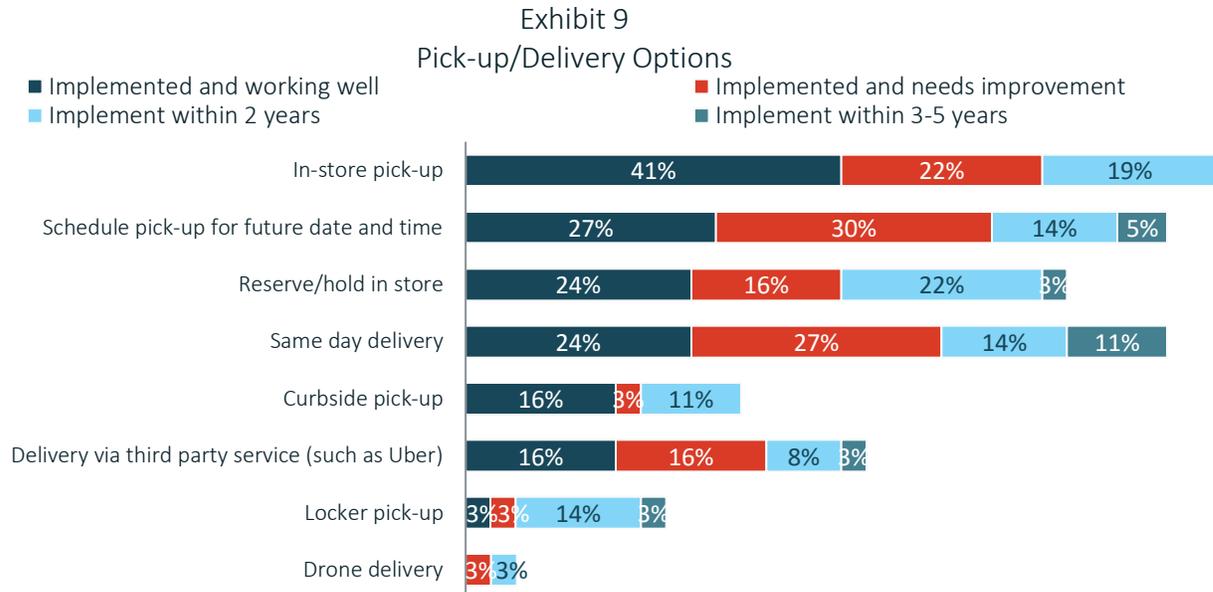
Fulfillment is a critical part of digital commerce. The process encompasses everything from receiving products to storing merchandise to shipping it to the customer on a timely basis. Today’s mobile and global world brings additional complexities to this process that retailers must consider as part of their overall fulfillment strategies.

Today’s channel agnostic world requires all aspects of the omni-channel fulfillment process to be integrated into a seamless operation. Retailers realize they need to enhance their fulfillment process with 22% of retailers focused on decreasing the cost of delivering to customers and many of them looking at ways to increase pick-up and delivery options for their customers (**See Exhibit 1**).

However, most retailers are still working on creating an optimized seamless fulfillment process. In the meantime, they are offering other ways to enhance the customer experience through various pick-up and delivery options. Retailers are offering additional pick-up/delivery options as they try to bridge across channels and compete with services such as Amazon Prime and Google Express. Same day delivery is gaining traction – up significantly to 51% this year from 16% last year – as Amazon continues to expand its same day delivery product and market availability

Exhibit 8
Unified Commerce Returns





(Exhibit 9). Delivery via a third party service, such as Uber (32% currently offer, up from 20% last year) is also picking up speed as retailers look at different ways to offer customers flexibility to shop, purchase and receive their goods how and when they want.

The future of fulfillment

Brands are now going directly to the customer. With the many recent store closings, brands are looking for additional distribution points or ways to better utilize the storefronts that are available. One area of opportunity is to leverage the store or mall as a distribution center to expand the retail model.

As consumers demand more convenient and faster shopping and delivery options, it is necessary for retailers to adopt new omni-channel fulfillment methods. One area involves turning physical stores into distribution centers which allows retailers to lower their overall enterprise in-stock inventory levels and reduce shipping costs, all while offering customers faster shipping or the opportunity to pick up their orders at a store to avoid shipping charges.

Marketplaces are another area of expansion as brands look for more points of distribution. It is clear from the success of Amazon marketplace and others that they are here to stay and will likely increase. Driven by customer demand for greater convenience, consumers are turning to digital marketplaces as a means to research and shop in one place, much like consumers turned to physical malls in the 1970s and 1980s.

The next big thing may be autonomous delivery and distribution. Imagine Amazon sending a self-driving truck out with your order. As the truck arrives in your driveway you receive a text with the combination to a locker on the truck with your order. You can decide right then if you want it. If not, send it back with the truck. Food delivery companies such as DoorDash and Domino's are already testing the possibilities – the reality is that this will be available to the masses within the next few years.

RETAILER EXAMPLE:

Walmart's new employee delivery model is a game-changer. With 90% of the US population within 10 miles of a Walmart location, distributed order management (DOM), coupled with advanced allocation algorithms and real-time inventory management turns these retail units into distribution points where inventory tracked with RFID will be accurate in real-time.

Unified

Retailers' technology, processes and organization need to be unified and aligned across channels to offer a seamless and consistent customer experience.

Studies have shown that it costs nearly seven times more to acquire a new customer than it does to keep an existing customer. In an age where unhappy customers can publicly blast a brand through social media and reach headline status within minutes, keeping customers satisfied becomes an even higher priority. One of the key ways to increase customer loyalty is to create a consistent brand experience across channels. The survey confirms this fact, with 54% of the retailers indicating this is their top priority (See Exhibit 1).

As retailers focus on the customer experience, they realize that integrating disparate systems and processes in real-time is extremely difficult and frequently doesn't work very well. Often, retailers are trying to offer customers the omni-channel services they desire but at a high cost to the retailer, as these processes are inefficient and ineffective. The greatest cost to the retailer is actually the poor customer satisfaction as a result of over-promising and under-delivering on cross-channel services.

Solid organization

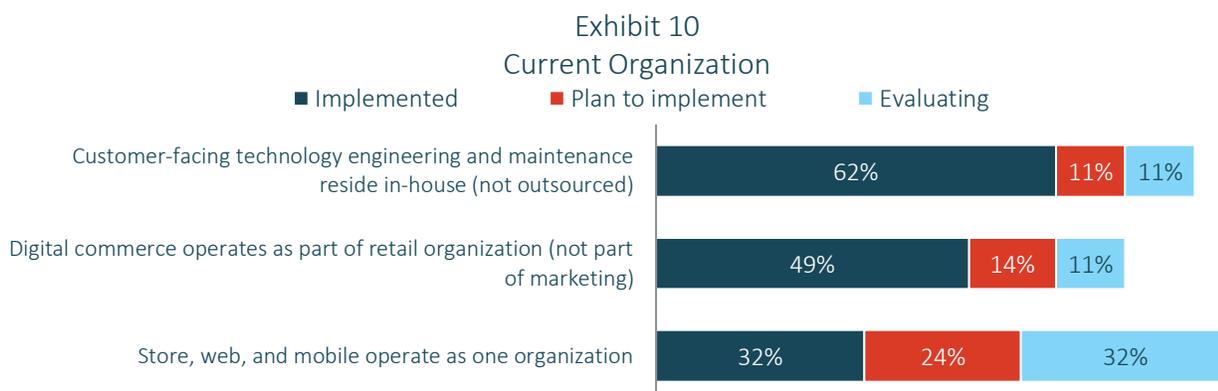
A solid organizational structure of cross-functional teams who have the right skills and goals to work collaboratively is critical to planning, managing and executing all the functions necessary to run a successful omni-channel organization and support the necessary seamless customer experience. However, we often see retailers operating distinct business areas as functional siloes, which make it impossible to efficiently and effectively deliver the necessary experience for the customer.

We are now seeing a shift in how retailers are arranging their organizations to better serve their cross-channel customers' needs and differentiate them from pure play online retailers. Nearly half (49%) of the organizations we surveyed are shifting their digital commerce areas from within the marketing organization to align with the store organization (Exhibit 10). The common theme is that the leader of this combined organization is seen as an innovator who understands the customer and unified commerce vision.

The "retail" or "commerce" organization is overseen by a Head of Retail or Chief Customer Officer, who is now in charge of interactions across all channels and has direct control over any changes or updates to the overall shopping experience. This alignment enables the overall organization to be more nimble and innovative as they work towards a seamless customer experience across all channels.

RETAILER EXAMPLE:

Saks Fifth Avenue recently implemented a mobile-based program that allows store associates to create a customer profile that can follow the customer across channels. Employees are rewarded based on the sale, regardless of which channel the purchase was ultimately made in.



It is critical to remember that the customer relationship is with the brand, not individual channels or departments. Satisfying the customer's expectations requires a cohesive organizational structure, aligned goals and effective performance metrics and goals.

We asked retailers what types of changes they have made in their organization to adapt to a channel-agnostic environment. Several retailers have focused on reworking the store and backroom to accommodate omni-channel orders (24%), while only about 15% have focused on employees by offering incentives or adding new positions (**Exhibit 11**).

One of the challenges retailers face as they try to deliver a seamless customer experience is the organizational change that is necessary to adopt radically different selling and fulfillment processes. Unfortunately, the cost of doing nothing, or trying to leverage less than effective options, will come with its own price in missed expectations, disappointed customers and lost sales.

Integrated processes

People and technology are part of the equation but the supporting processes and infrastructure also need to be unified to support the customer experience. Adapting to new omni-channel services often requires changes to the store structure. The infrastructure needs to change to support the new retail paradigm. We asked retailers what types of changes they have made to adapt to a channel-agnostic environment. According to the survey, 39% of retailers have implemented separate shelving for picked orders and 27% have implemented a shipping station to meet ship-from-store scenarios and new back office computers for order management (**Exhibit 12**).

Unified commerce technology

Enabling the necessary seamless cross-channel experience requires a unified view of the customer and a consistent experience across all customer touch points. In order to fully embrace a unified commerce retail approach, retailers need to assimilate all the data collected across channels, including shopping and purchasing behaviors, browsing history, in-store and online purchases, inventory information, social media interactions, etc.

The right technology foundation is a critical building block to delivering this seamless and frictionless shopping experience. A major challenge to retailers today is that when a customer visits a store – which is still generally the desired purchasing location – most of a customer's pre-purchase research and behavior is unavailable to a store associate. This makes personalizing the customer experience nearly impossible. Unified commerce transcends channels and enables store associates to personalize the experience to a customer based on her cross-channel digital footprint.

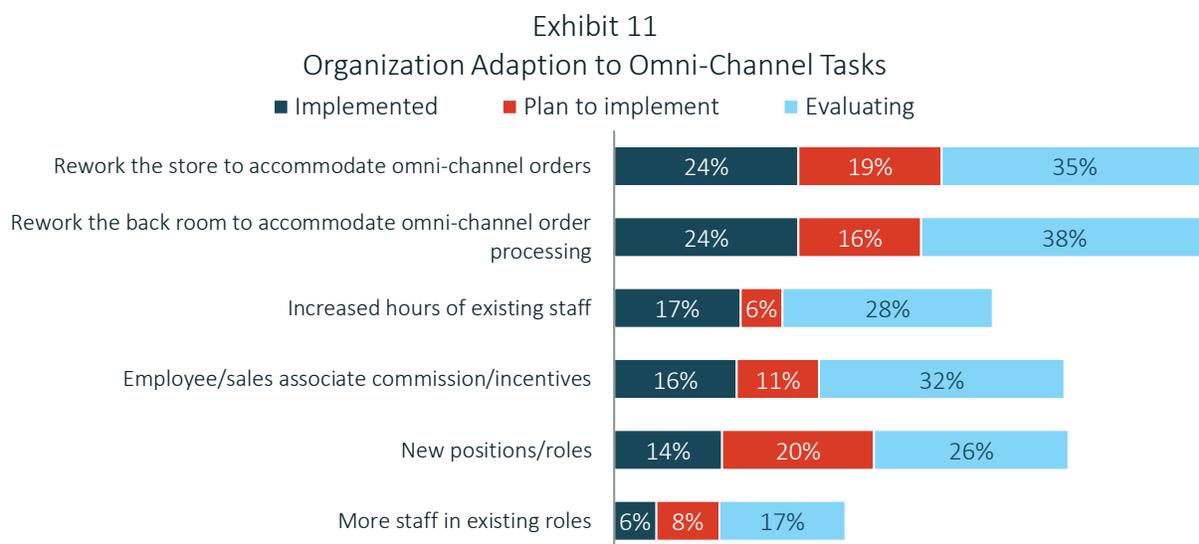
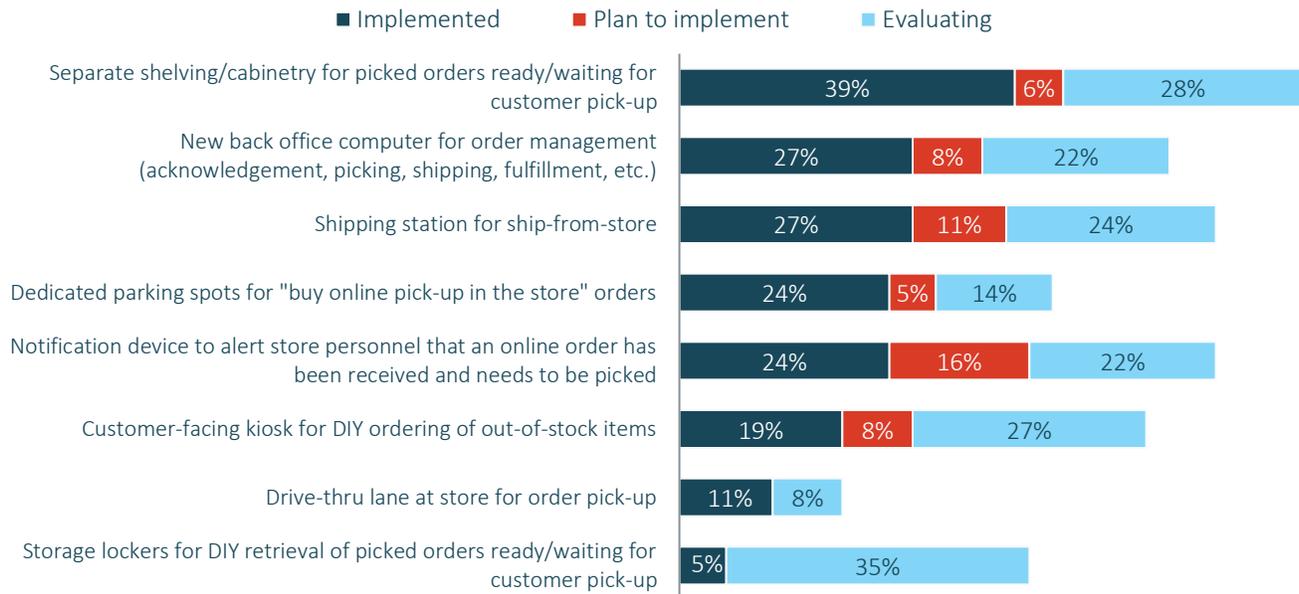


Exhibit 12
Infrastructure Adaption to Omni-Channel Scenarios



Integral to unified commerce is a single commerce platform, meaning a centralized platform and single, shared shopping cart for all channels. A unified commerce platform is a single consolidation point for all transactions, inventory, pricing, order management, CRM, call center, etc. This platform provides a single version of the truth across all channels to enable transparency, or the “glass pipeline” of real-time visibility to inventory, product and customer information. This is the nirvana, or end-state, that many retailers are trying to achieve with their customer experience and unified commerce goals.

Unified commerce platforms are becoming a retail imperative as 24% of the respondents currently have a unified commerce platform and within three years, 81% of retailers plan to have a unified commerce platform implemented (**Exhibit 13**).

As retailers look to a single commerce platform to meet customer expectations for a seamless holistic shopping experience across channels, many are considering their OMS as the heart of their unified commerce platform to fulfill the persistent order, or “single, shared cart,” requirements.

Order management systems are designed to manage e-commerce orders, complex fulfillment options, and inventory in real-time, and can be adapted to handle transactions across all channels, including the store. Retailers using their OMS as an enterprise-wide order capture hub enable the ability to view and access their customers’ order history, wish lists and purchase behavior across all channels. As retailers look to upgrade or replace their current OMS, this is an opportune time to consider enhancing its capabilities to become the heart of their unified commerce platform strategy.

Exhibit 13
Commerce Platform Plans

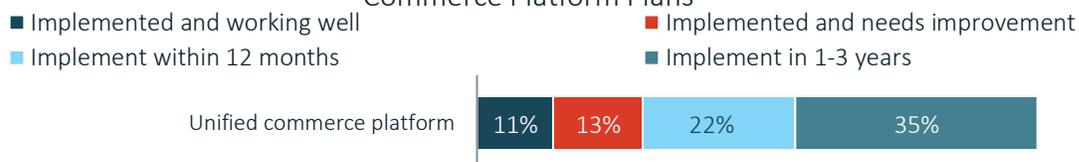
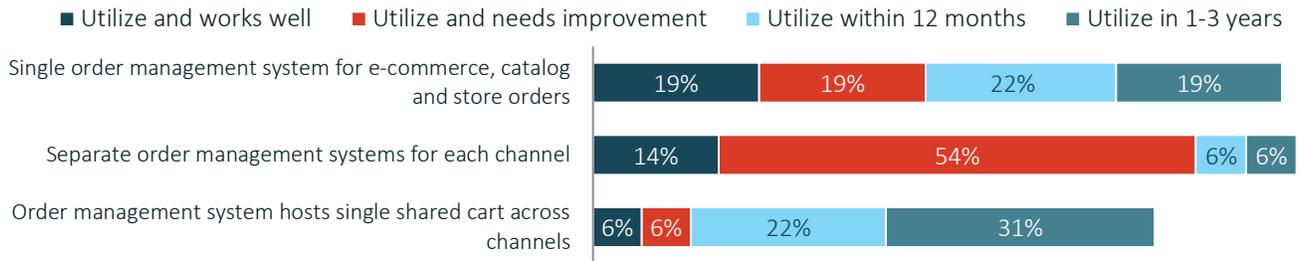


Exhibit 14
Order Management System



OMS penetration has remained steady over the past two years at 38% (**Exhibit 14**). Retailers may have been focused on improving their current OMS implementations as this year 19% indicate that it is working well vs. 12% last year. One aspect that may be impacting retailers' progress is that software vendors are working to keep up with new marketplace requirements for advanced OMS capabilities.

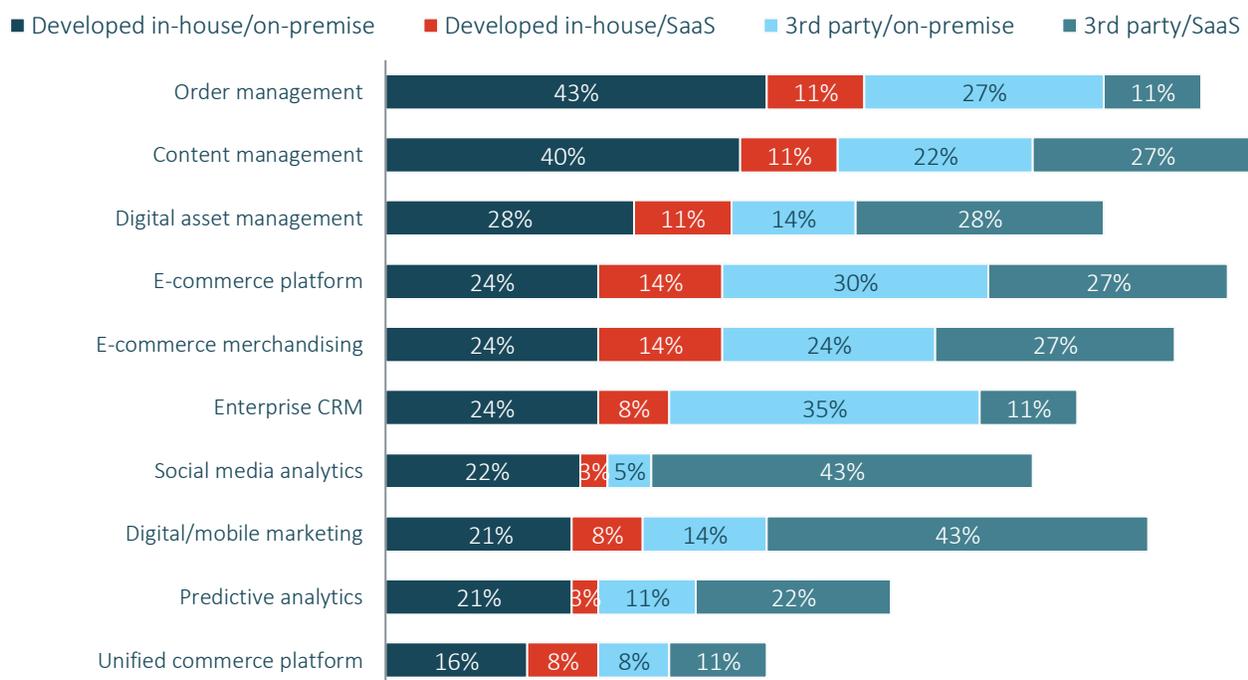
While there are different options available for enterprise OMS, our survey found that a number of retailers are moving from the traditional model of all solutions residing on-premise, to an updated model where software-as-a-service (SaaS) or cloud solutions are becoming the norm.

Last year, 22% of retailers utilized a SaaS or cloud solution for their e-commerce platform, while this year 41% of retailers indicate a SaaS solution (**Exhibit 15**). There was also a jump in unified commerce platforms as 19% now utilize a cloud-based solution vs. 4% last year. We see this movement to the cloud not only increasing, but also accelerating in the next two years.

The future unified organization

Over the last five years retailers have focused on "blowing up" their outdated infrastructure to implement unified commerce platforms, offer cross-channel services, etc. While this is still a work in progress, we see a shift

Exhibit 15
Technology Architectural Domain



happening within organizations. Now that organizations are used to operating in the cloud – the next five years will focus on “blowing up” the organization to put the right people closer to the customer. Now that many retailers have the infrastructure in place to enable omni-channel solutions, it is time for retailers to invest in the people who still drive the majority of sales. There are waves of technology changes – now the organization has to change to adapt.

Conclusion

Customer behavior and mobile technology are dramatically changing the traditional retail model and this is only the beginning. Amazon remains a major retail disruptor as it delves even deeper into brick-and-mortar with the acquisition of Whole Foods. Meanwhile, bankruptcies and store closures continue to make daily headlines as retailers struggle.

All of these developments dictate the need for retailers to adapt to the new customer journey and accommodate the blurred lines of retail. New and innovative methods of shopping – driven by mobile technology, artificial intelligence and rapidly changing fulfillment methods – are elevating customer expectations. To succeed, many retailers may need to transform their business and reinvent themselves to create a successful blend of the physical and digital worlds and maintain their customers’ loyalty.

For retailers, the time is now to transform disparate systems and processes into one seamless platform to offer customers a unified shopping experience.

It is time to prepare for the future of retail – it is here – ready or not.

Survey methodology

BRP conducted the 2017 Digital Commerce Benchmark Survey in June and July of 2017 by contacting more than 500 top North American retailers. Through an online survey system, BRP gained insight into retailers' planned digital commerce initiatives, priorities and future trends.

This paper summarizes the results and key findings of the survey, offers insight based on BRP's client engagements and overall retail experience and identifies current and future trends in the industry to offer retailers opportunities to continue to evolve and prosper.

The primary focus of this survey is the specialty retail segment with 32% of the respondents within the specialty soft goods category and 24% in the specialty hard goods category (**Exhibit 16**). The remainder falls into various other categories such as general merchandise and grocery.

Of the retailers surveyed, the breakdown in size based on gross annual revenue included a broad selection of Tier 1, 2, and 3 retailers with 62% of the respondents generating \$1B or more in annual revenue (**Exhibit 17**).

The respondents were primarily vice presidents or C-level executives.

Exhibit 16
Company Category

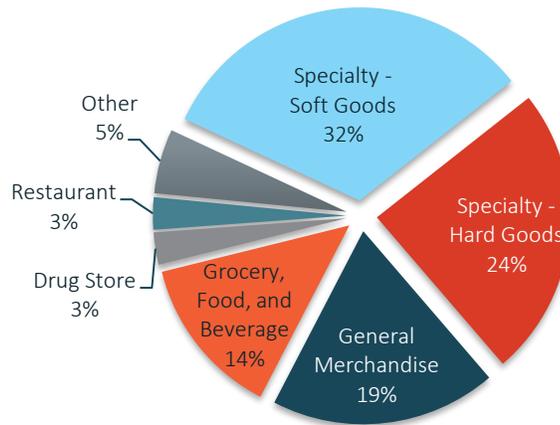
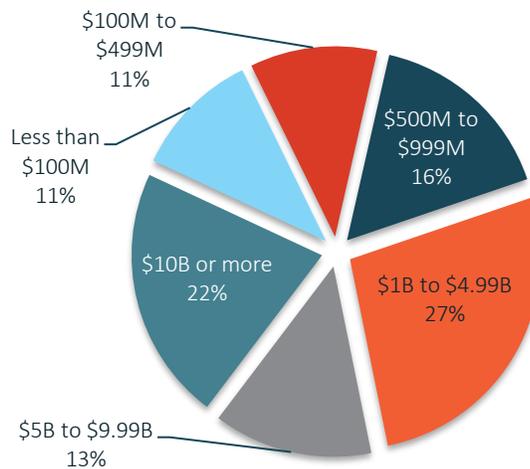


Exhibit 17
Company Gross Annual Revenue





About BRP

BRP is an innovative retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

Strategy	Business Intelligence	Business Process Optimization
Point of Sale (POS)	Mobile POS	Payment Security
CRM	Unified Commerce	Customer Experience & Engagement
Order Management	E-Commerce	Merchandise Management
Supply Chain	Networks	Private Equity

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About ECRS

ECRS brings together retail software, hardware, and services to create the only truly holistic, unified retail automation platform on the market. By developing a framework of optional plug-and-play modules that work seamlessly with our core applications, ECRS' CATAPULT gives users the freedom to choose as much, or as little, automation as their business enterprise demands. Retailers can easily expand their automation framework as their business grows. Exhaustive research, intelligent design, and rigorous pre-market testing ensure that ECRS products integrate smoothly into existing retail environments. By providing retailers with automation tools that put real-time actionable enterprise data at their fingertips, ECRS empowers them to compete and expand their business in an increasingly competitive marketplace.

Find out more at www.ecrs.com.

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About Mi9 Retail

“Retail” is in our name because Mi9 Retail is passionate about this industry and it’s all we do. Our company is committed to helping retailers create great experiences for their customers – online, in store, or wherever they occur. We believe that a great experience takes place when optimized product planning and inventory management intersects perfectly with skillful customer engagement and point-of-purchase execution. The results are better revenue and margin performance, greater customer engagement and value, and a more satisfied, loyal workforce.

Mi9 Retail offers a complete suite of solutions that include merchandise management, point of sale, customer engagement, clienteling, order management, and e-commerce – all connected to a common analytics framework. We build our software on new technology so it protects our customers’ investments and delivers a measurable ROI. We run our software on the latest cloud platform so it’s fast, scalable, reliable, and secure. And we invest in the rigor and discipline of sound product development processes so our software is easy to upgrade and to maintain, and so that no customer is ever left behind.

It takes great people to build and deliver great software and we’re proud of our employees, many of whom have built their careers in retail and retail systems. They are fueled by their passion for our products, our customers’ success, and by their everyday efforts to change the retail industry for the better.

Learn more: <http://mi9retail.com/>

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About NCR

NCR Corporation (NYSE: NCR) is the global leader in consumer transaction technologies, turning everyday interactions with businesses into exceptional experiences. With its software, hardware, and portfolio of services, NCR enables more than 700 million transactions daily across retail, financial, travel, hospitality, telecom and technology, and small business. NCR solutions run the everyday transactions that make your life easier.

NCR solutions help retailers, wholesalers and distributors transform their businesses and redefine the customer experience to stay relevant and meet the demands of today and tomorrow. Our solutions help retailers portray a consistent brand experience, give their customers the ability to shop how, when and where they choose, prepare for the Internet of Things (IoT), and grow topline sales profitably.

NCR helps retailers:

- Maintain a single, secure view of the customer across all touchpoints and systems
- Gain complete transparency of inventory and price across digital and physical channels and throughout the supply chain network
- Increase operational excellence with software and hardware solutions designed based on proven best practices and innovative technologies
- Reinvent the store as the hub of the shopping experience with personalized offers, digital engagement, and flexible checkout options that keep customers coming back
- Unify the shopping experience and optimize every operation with demand-driven replenishment, logistics, merchandising, pricing, loyalty and fulfillment systems that ensure the right inventory is in stock at the right price to meet customer demand across all channels
- Migrate transactions from high-cost, low-value channels to low-cost, high-value channels to improve efficiency, increase productivity and reallocate labor resources to better serve customers and improve profits

NCR is headquartered in Duluth, Georgia with over 30,000 employees and does business in 180 countries. NCR is a trademark of NCR Corporation in the United States and other countries. The company encourages investors to visit its web site, which is updated regularly with financial and other important information about NCR.

For more information, visit <http://www.ncr.com/retail>

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About Radial

Radial is the leader in omnichannel commerce technology and operations, enabling brands and retailers to profitably exceed retail customer expectations. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfillment and transportation options, intelligent fraud, payments, and tax systems and personalized customer care services.

Hundreds of retailers and brands confidently partner with Radial to simplify their post-click commerce and improve their customer experiences. Radial brings flexibility and scalability to their supply chains and optimizes how, when and where orders go from desire to delivery.

Learn how we work with you at www.radial.com.
