JAVED RAHMAN
SENIOR GENERAL MANAGER,
WNS GLOBAL SERVICES

RITU PALLAV GOSWAMI
DEPUTY MANAGER,
WNS GLOBAL SERVICES

SEVEN DIGITAL TRENDS DRIVING TRANSFORMATION IN RETAIL

WNS

Extending Your Enterprise

SEVEN DIGITAL TRENDS DRIVING TRANSFORMATION IN RETAIL

JAVED RAHMAN
SENIOR GENERAL MANAGER, WNS GLOBAL SERVICES

RITU PALLAV GOSWAMI
DEPUTY MANAGER, WNS GLOBAL SERVICES

INTRODUCTION

The digitally savvy consumer has changed the face of retail, and brands find themselves striving to adapt to this transformation.

The traditional brick-and-mortar model of retail has been under siege by digitally-enabled online and mobile channels. However, simply adding digital channels may not help. Deeper analysis reveals that a brand's long-term survival entails moving away from a single, or even multi-channel approach to an omni-channel one as consumers expect seamless brand presence and consistent experiences across devices and channels. While digital technologies are at the core of this transformation, its successful execution requires thoughtful planning and cross-collaboration across various retail functions. A careful analysis of the trends and consumer behaviors driving this transformation can help retailers maintain their focus and achieve tangible benefits.

Here are the top trends that retailers need to analyze to achieve meaningful transformation.

Trend #1: Mobile apps are driving omni-channel retailing

Mobile-based purchases are outpacing the growth of even online retail. According to a report by Javelin Strategy & Research[1], m-commerce is expected to grow from USD 122 Billion in 2015 to almost USD 319 Billion in 2020. eMarketer[2] estimates that smartphone retail m-commerce sales in the US alone will increase more than 50 percent in 2017, totaling around USD 102.14 Billion.

Apart from the fact that bigger and more powerful smartphones are enabling better and faster shopping experiences, mobile is also emerging as a strong connector of all retail channels, seamlessly linking in-store and digital. Here are a few other facets of m-commerce:

- **Loyalty Programs, Rewards, Coupons:**

  Mobile apps, with their own real estate in a consumer's phone, are acknowledged as tools for building loyalty. Wish-list features allow retailers to know more about a consumer's choice and preferences and push targeted coupons and offers, helping consumers earn rewards faster

- **Real-time Check on In-store Inventory:**

  The product availability feature on the apps gives customers a real-time view of available

[1] http://www.retaildive.com/ex/mobilecommercedaily/mcommerce-purchases-set-to-jump-160pc-by-2020-report
[2] https://retail.emarketer.com/article/mobile-purchasing-keeps-ramping-up-us/58c328d8ebd400016cd37b6f

inventory in-store and online, helping them make informed purchase decisions

▪ **Improved Customer Engagement:**

The built-in helpdesk or messaging feature (for example, Click-to-Call) and review / feedback lists make it seamless, and thus much easier, for consumers to interact with the brand

▪ **Instant Order and Re-order Placement:**

Mobile apps reduce friction and delay wherever possible, as their 24x7 reach removes the purchase barriers of traditional brick-and-mortar stores. App features such

as 'reorder' also cut short the long process of first-time order placement

Trend #2: Mobile-based payment applications are on the rise

Mobile-based retail payments can be payments made in person at the point of sale (also called mobile proximity payments), or remote payments (also known as peer to peer or P2P payments) made via mobile apps or browsers. Proximity payments use Near Field Communication (NFC) technology and mobile wallets such as Apple-Pay, Google-Wallet and Samsung-Pay. The P2P space has branded apps issued by banks and credit

card companies as well as third-party providers.

Mobile payments provide a seamless experience to consumers shopping on their smartphones, and are thus an important feature for retailers to adopt. Another Javelin Strategy & Research study on mobile payments estimates that in 2016, mobile retail payments, both online and in-store, totaled over USD 170 Billion and are expected to grow up to over USD 410 Billion by 2020[3].

However, with the plethora of mobile payment solutions on offer, selecting one that is easy to implement and drives rapid user adoption will be a critical decision. Following are some of the main

[3]http://javelinstrategy.com/coverage-area/mobile-payments-convergence?_cldee=bGRlYm9uaXNACGF5YmVvb3JlLmNvbQ%3D%3D&recipientid=contact-142091760d7ae511b53e02bf0a4d02bd-8b439ba99b6043fbb3d309b0ba67ec7d&esid=22e72891-63c1-e611-80d5-005056ab452b&urlid=0

consumer-focused and retailer-focused drivers of mobile-based payments.

Consumers

- **Convenience and Ease of Use:** Consumers can carry their credit / debit and gift cards digitally in mobile wallets, which is convenient. Also, proximity mobile payments are faster as the customer just needs to bring his / her phone close to the scanner. This helps reduce the time during check-out process

- **Compliance and Security:** Methods such as tokenization substitute pieces of non-decryptable data to represent cardholder details, while biometric authentication uses methods like voice and pulse recognition and finger vein scanners. Additionally, there are fewer chances of cards being stolen or lost. For example, Apple-Pay uses a form of tokenization to secure consumer details, while Google-Wallet encrypts information on Secure Socket Layer (SSL) technology. As per a MasterCard survey, 88 percent of Americans trust their payment networks[4]

- **Rewards and Discounts:** Companies offer rewards and discounts if purchase is made

through mobile wallets, thus incentivizing the use of mobile payments

Retailers

- **Reduced Operational Cost and Increased Efficiency:** Payment frictions such as credit card fee and queues are reduced with the help of mobile optimized payments. The free floor space empowers retailers to drive more revenue. Also, sending e-receipts via e-mail can help reduce paper cost and ensure authenticated data

- **Competitive Edge:** Enabling mobile-based payments is soon going to be a competitive pre-requisite. By adopting a secure, robust payment solution that is easy-to-use and allows bundling of adjacent services (such as tracking of orders and loyalty points), retailers can significantly enhance their customer experience. It also reduces opportunities for data skimming (practice of fraudulently procuring card data) by employees, thus preserving brand reputation

- **Loyal Customers:** Retailers can make customers stick to brands with the help of rewards and points based on purchases made through wallets

Trend #3: Personalization and location-based marketing are gaining traction

Personalization holds the key to customer loyalty and retention for retailers today. With no geographical limits on the brands and products they can access, consumers place great emphasis on convenience, value and personalization when making their purchase decisions.

In-store experiences are great avenues to drive personalization. Beacons, for instance, are seeing rapid adoption in retail, with brands using them to drive personalization in all aspects of the in-store experience.

The following are some of the leading trends in in-store personalization:

- **Leveraging Click and Collect to Cross-sell and Up-sell:** Monsoon, a leading retailer of accessories in the U.K., realized that 60 percent of their customers opt to visit the store to collect online orders and 30 percent of them then make additional purchases while collecting the same. This is a very good example of why retailers like to encourage Buy Online Pickup In-store (BOPUS)

---

[4] https://www.threatmetrix.com/ru/ja/zh-hans/digital-identity-blog/data-breach/the-naked-truth-about-data-security/

fulfilment. Retailers are now using beacons to alert store staff when an online customer approaches the store to pick up the order. This not only allows the staff to ensure there is no delay in handing over the order, it also gives them an opportunity to recommend other merchandize of interest based on the customer's purchase or browsing history

▪ **Deploying Smart Tools to Enhance Customer Experience:** Radio Frequency Identification (RFID)-enabled smart shelves can track demographic info along with product details that interest customers and display relatable discounts at nearby screens. Also, intelligent fitting rooms can read RFID tags to recognize the clothing that a customer has taken to the fitting rooms and help the floor staff find alternate

sizes and accessories to complement the merchandize

▪ **Adopting Location-based Marketing:** Beacons, which are low-energy Bluetooth-enabled devices, allow retailers to locate consumers within a 50-meter radius of the store and engage with them through personalized pull messaging. The technology helps re-define customer engagement through customized, location-based notifications. These notifications can be intimations on the availability of out of stock merchandize or offers on items in a customer's browsing history. While this implies a seamless shopping experience for customers, for marketers it means an opportunity to target the right customer at the right time with the right message.

Trends indicate that proximity marketing can be a strong pull factor if the message is relevant and personalized. However, retailers remain cautious about adopting the right approach to location-based marketing without overwhelming and pushing the customer away

Trend #4: Social media and content marketing can mold buying behavior

Social media benefits retailers with increased exposure, traffic and loyal followers, and helps generate leads with reduced marketing expense. Leading platforms such as Facebook, Pinterest, Instagram, Twitter, and YouTube have aligned with commercial objectives, and their 'buy' buttons enable the impulse buying behavior of consumers.

A survey states that 61 percent of consumers review a product online before making a purchase[5]. Millennial are highly motivated by and trust user-generated social information. Thus, retailers have started featuring reviews on their websites and apps for marketing their products. Content marketing is an organic method to enhance interaction with customers. It involves creating value-add, relevant and consistent content across websites, social media platforms and e-mailers. Effective content not only enhances the Search Engine Optimization (SEO) performance of retailers' websites,

it also ensures greater visibility and customer engagement, thus playing a vital role in buying trends.

Trend #5: Reverse showrooming is a popular and beneficial trend for retailers

Showrooming (the propensity for customers to browse in-store and buy online) was once seen as an existential threat to brick-and-mortar retailers, but it turns out that the reverse dynamic is more popular. According to Business Insider, 69 percent of people in the

U.S have done reverse showrooming, while only 46 percent have done showrooming. Reverse showrooming, or clicks to bricks, occurs when a shopper browses and researches products online, but purchases them in the store. It is seen mostly in the case of apparel and furniture.

While it gives the customers the opportunity to actually touch and feel the product before buying it, this trend is beneficial for the retailers as well. This unification of online and offline data enables the retailers to better understand the buying behavior of consumers and

[5]https://econsultancy.com/blog/9366-ecommerce-consumer-reviews-why-you-need-them-and-how-to-use-them/

helps in serving them in a more personalized manner. This can translate to greater cross-sell and up-sell opportunities and enhanced customer experience.

Trend #6: Business efficiency and intelligence gathering through IoT

The Internet of Things (IoT) enables tracking and collecting data from sensors deployed across the retail value chain, including point of sale, inventory management and supply chain planning. Analytical solutions process the gathered data to derive business insights on parameters such as customer movement, buying behavior and social network trends, and create business strategies to enhance business continuity and efficiency. For example, simply tracking the location of a shipment may be easy, but IoT-enabled devices with sensors keep a record of temperature and pressure, as well as detect light.

The most commonly used sensors today are card readers, cameras, scanners, beacons, smartphones, contactless NFC tags, and in-store digital promotion systems.

The following retailer benefits are driving the fast adoption of IoT:

- Up-sell (practice of giving customers the option to buy an item that is slightly better than the one they are considering) and cross-sell (act of offering additional items that will complement their current purchase) opportunities and conversion rates go up with relevant consumer movement and purchase history insights

- Real-time product promotions become possible through buying behavior insights

- Product and customer movement insights suggest most looked for items to help retailers change the display accordingly

- Insights on seasonal and mobile-led purchases help retailers analyze the points / rewards that can be offered to consumers

- Real-time inventory insights help assess and compare the performance of each store

Trend #7: Voice recognition and virtual reality are revolutionizing retail

Voice-enabled search through Microsoft's Cortana, Apple's Siri, Amazon's Alexa and Google's Assist is quickly changing the way consumers look for retailers' products. Google has reported that

in 2016, one in every five searches made on android apps in the U.S. was a voice search[6]. For retail, searching for products and services using natural speech makes the entire process faster for consumers and, in the case of intelligent home assistants like Alexa, completely frictionless. While groceries and household items are the categories that will see the fastest traction with voice search, all retailers need to work fast towards ensuring that their products can be found via natural speech-led voice searches.

Another key aspect is how marketers are leveraging voice recognition to optimize employee, sales and operational performance. Technology companies such as Theatro are equipping the retail staff with earpieces that enable them to communicate more efficiently with one another, but, more importantly, also seamlessly communicate with the critical back-end inventory and point-of-sale software that acts as the single source of truth for all product information. The end result is undivided attention to the customer[7].

Virtual reality is also rapidly gaining force in retail as it allows retailers to transform how customers shop. It not only

[6]https://www.forbes.com/sites/forbesagencycouncil/2017/01/03/2017-will-be-the-year-of-voice-search/#251d16b12c5a
[7]https://techcrunch.com/2016/11/16/voice-recognition-technology-is-expediting-the-race-to-frictionless-retail/

changes how customers search for and explore products online, but offers complete immersion. It allows retailers the opportunity to convey their branding messages with fewer distractions and leaves a longer trace in the consumer's mind. e-Bay, in partnership with Myers, an Australian retailer, launched a virtual reality retail store last year. It allows customers to go through the collections using the retailer's app on their own smartphone and a free virtual reality headset[8].

Act Now, Act Right

The rapid transformation that we are witnessing in the retail industry today is underlined by the proliferation of digital technologies and the resultant impact on buying behavior. A case in point is m-commerce and its elevation to the mainstream. This has opened up new avenues for retailers to innovatively and timely engage customers, and drive a greater degree of personalization in their services. The intersection of online and offline is also driving the omni-channel agenda for retailers who are smartly and interchangeably leveraging both channels to deliver a seamless customer experience and augment sales.

Business agility has undeniably become a pre-requisite for survival and growth in a disruptive retail landscape. And in a world where technology is continually evolving, it is imperative for retailers to understand the trends in technology and determine their impact on business and customers. Retail has already moved out of stores into customers' homes and hands, and may soon move to the fourth dimension in virtual stores. Retailers need to act today to ensure that their business is future-ready with their brand experiences and customer loyalty intact.

[8]http://www.news.com.au/technology/innovation/go-shopping-in-a-virtual-reality-department-store-thanks-to-ebay-and-myer/news-story/b9e910081677639467e94f4bed73eef2

About WNS

WNS (Holdings) Limited (NYSE: WNS) is a leading global Business Process Management (BPM) company. WNS offers business value to 200+ global clients by combining operational excellence with deep domain expertise in key industry verticals, including banking and financial services, consulting and professional services, healthcare, insurance, manufacturing, media and entertainment, retail and consumer packaged goods, telecommunications and diversified businesses, shipping and logistics, travel and leisure, and utilities and energy. WNS delivers an entire spectrum of business process management services such as customer care, finance and accounting, human resource solutions, research and analytics, technology solutions, and industry-specific back-office and front-office processes. WNS has delivery centers world-wide, including China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, Turkey, UK and US.

To know more, write to us at
marketing@wns.com or visit us at www.wns.com

WNS
Extending Your Enterprise