3 Lessons We Can Learn From Watching Amazon Set the Pace of Change



Retail is embroiled in a fierce technology battle. Be aware that one of those lessons is ‘Complacency is a killer.’

April 3, 2018 7 min read

Opinions expressed by *Entrepreneur* contributors are their own.

You never know where disruption will occur, but you can safely bet that there’s more on the horizon — especially from the tech companies.

With Amazon continuing to keep retailers on edge by its partnerships with assorted venues, the business world is closely watching for what the online giant will do next, what companies it will acquire and what industries it will

penetrate. And Amazon isn’t the only entity we’re all watching.

Consider the example of 7-Eleven. “Tech company” isn’t the first association most of us have with this familiar chain. (“Slurpees” might be a better guess.) Yet the company is definitely active in the tech area: It’s tested and implemented mobile apps, radio-frequency identification technology (RFID), the internet of things devices, mobile payment options and PayPal deposits.

It’s even offered 7-ElevenNOW, for app-based grocery pickup, targeting customers in a hurry. Considering that 7-Eleven isn’t even in the tech industry, these are major moves.

But 7-Eleven understands what’s going on: With foot traffic declining, retailers must drive conversions in as little time as possible. And early adopters of the latest in-store technologies have gotten a head start on their competition by deploying these tools and capitalizing on the benefits.

7-Eleven now understands what it takes to overcome internal alignment issues across IT, marketing, merchandising, operations and the C-suite. Does your company?

You should be bridging the digital transformation gap — now.

According to 451 Research, 45 percent of retailers surveyed said they would predict more disruption coming in the next three years. As far as how to address his disruption, modernizing IT was listed as the best way to increase their retail agility by 47 percent of respondents described in a different 451 Research report.

Walmart — the one brick-and-mortar retailer with a shot at challenging Amazon head-on — is aggressively accelerating its own tech investments, acquisitions and cutting-edge technology

deployments. Already, the retailer has a seamless mobile app and in-store inventory robots.

In fact, Walmart has gone so far as to partner with Target and Google to bolster its charge against Amazon's disruptive path. Other retailers are reengineering customer experiences through connected and digitally enabled store environments. Sephora, a leader in experiential retail, has introduced some of the most cutting-edge tech concepts to date: "smart" makeup mirrors, chatbots, apps, augmented reality and other bold technologies to guide customers to the right products and create immersive in-store experiences.

So, where's your company in all this? Here are three ways to plot a course toward digital transformation and be on the winning side of retail's fierce technology battle:

1. Complacency is a killer, so think big and bold.

Creating a digital transformation road map is imperative, especially in sectors upended by change. Unless you have a golden parachute, you can't afford to just check boxes. Map your top use cases for deploying technology, to add value and enhance the customer experience.

Don't do tech just for tech's sake; implement it in a meaningful way, as Nike does by using augmented reality in its go-to-market strategies. Recently, Nike made headlines for deploying AR to fight off bots that could buy out its inventory faster than the public.

To illustrate: Last summer's big shoe release was SB Dunk Hi Pros, which were created in collaboration with famous New York City chef David Chang. Consumers wanting to buy the Pros had to:

- First download Nike's SNKRS iOS app

- Next, tap a 3D model of the sneakers
- Third, take a pic of the restaurant menu at Fuku, Chang's restaurant

The technology served several purposes here, making it a hit.

Related: What Small Businesses Need to Do to Win in Online Retail

Regardless of its industry, a business must have a digital-first culture fully supported through internal realignment, or it risks being disrupted. Cutting-edge business initiatives require an active investment in building the right network architecture (and an optimized infrastructure) to support rapidly evolving digital demands. Make sure you define a clear path so your own company can accomplish those goals.

2. Delight customers with data-driven experiences.

Personalized and immersive brand experiences are not only the new norm, they're a barrier to your entry into the ranks of elite retailers.

No matter how big or small your business is, your priority should be to invest in data analytics, recommendation engines, AI, machine learning and the like. The right staff and partners are paramount to creating tailored experiences based on actionable omnichannel data.

Lululemon's stores, for example, are community hubs centered on brand experience and building relationships. Customers are called "guests," and the company's knowledgeable employees are "educators." To better understand and leverage data to drive personalization, the company, in early 2016, invested in sweeping digital transformation initiatives around customer-relationship management. The investment is paying off.

Related: Brick-and-Mortar Retailers Must Innovate to Flourish in a Digital World

Having overhauled legacy IT environments with a laser focus on digital transformation, Lululemon has optimized the end-to-end buyer journey across online and offline touchpoints. By leveraging technologies such as radio frequency identification (RFID) tags to drive inventory transparency (a key tenet of omnichannel success), Lululemon uses stores as distribution centers to optimize the supply chain and improve inventory turns while enabling an elevated in-store experience for educators and guests.

And because Lululemon doesn't rely on wholesale partners, it has avoided the channel conflict and third-party discounting issues being experienced by large brands like Nike, Coach and Michael Kors — all of which are taking aggressive corrective measures.

3. Embrace the cloud to upgrade your digital landscape.

While many traditional brick-and-mortar establishments struggle with overhauling outdated legacy systems across multiple channels, newer startups and ecommerce entrepreneurs can be cloud-native and immediately harness the scalability, agility and computing power of the cloud without having to invest in physical infrastructure.

The cloud is the go-to platform to accelerate digital business transformation and better enable workloads like big data analytics, AI and machine learning, so retailers can keep pace with change. The bottom line: "Data is power" in today's digital landscape, and you will be left behind if you can't quickly deliver actionable insights, business intelligence and personalized engagement to create differentiated customer experiences.

Related: 4 Ways Entrepreneurs Can Embrace the Next Phase of Digital Maturity, 'Cognitive Transformation'

Consider Toys 'R' Us, which is liquidating its assets even with its 13.6 percent share of the U.S. toy market. After attempting to sidestep the industry disruption being driven by Amazon (and the rise of online shopping), Toys 'R' Us's investment in a revamped ecommerce platform was simply too little too late.

This, combined with its massive leveraged buyout debt load, made Toys 'R' Us the latest digital laggard.

So don't follow its example. For 2018, my top advice to retailers is to look beyond the hype cycle and pay close attention to the technologies and capabilities digital leaders are implementing across their omnichannel environments. It's better to fail small and fail quickly than to become so risk-averse that you stifle innovation and fall short of revitalizing your brand experience.

The retail landscape will only continue to become more complex, dynamic and cutthroat. But by finding the right strategic partners, with highly specialized data science, cybersecurity and cloud migration professionals, you can bridge the skills gap and harness your own digital business power. Thankfully, you don't have to do all of this alone.

https://www.entrepreneur.com/article/311398