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Becoming More Resilient and Efficient Without Losing Focus on Safe, Easy, and Convenient Retail Experiences

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Introduction

Words repeated by retailers constantly these days are "We provide safe and easy-to-shop omnichannel store fronts that are always convenient online and/or in the store." However, this statement rings true in varying degrees across specific retailers, and the differentiators are often related to staffing, training, inventory availability, support, and technology availability and integration across channels. Core challenges have been exacerbated by wild fluctuations in demand in physical and digital channels as well as deepening consumer shopping preferences for contactless access to goods and services. Retailers are responding to these shifts by implementing new processes and accelerating technology investments that enable more efficiency, resilience, and adaptability.

On the one hand, digital transformation efforts have been accelerated by up to two years because of rapid strategic and tactical shifts; on the other hand, retailers remain very grounded and pragmatic in their approaches. Some solutions require net-new investments in software or hardware, and some require process improvement and better integration of technology that the retailer already utilizes. In either case, retailers can speed everyday responsiveness and continual adaptation to business needs while improving customer service and productivity by implementing a cloud-based platform that integrates systems of record with execution systems.

The retail industry is at a critical juncture. Retailers must rise to deliver superior service to meet the ever-shifting needs of the consumer, or they will likely fail. The industry will go through consolidation, new digital-native players will emerge that accelerate and adapt faster, and omnichannel retailers will have to work even harder to maintain and grow business. If retailers cannot meet consumer needs, consumers will go elsewhere to discover and buy goods — it's that simple. What isn't simple is transforming a retail organization into a lean, adaptive machine that delivers outstanding service but keeps...
operating costs as low as possible. Technology plays a critical role in enabling organizations to meet both objectives. Cloud-based platforms that connect the dots by creating workflow between data, physical assets, human resources (HR), customers, and applications can speed everyday responsiveness and continual adaptation to business needs while improving customer service and productivity. Thirty-five percent of IDC survey respondents reported that they are investing in technology to close the gaps in digital transformation programs (source: IDC’s COVID-19 Impact on IT Spending Survey, conducted June 4–15, 2020).

Retailers grasp the gravity of their predicament and are accelerating investments cognizant of meeting immediate, somewhat tactical objectives while setting themselves up for long-term success. As a result, overall strategies in retail are advancing quickly toward higher levels of digital maturity, with 21.9% of retailers reporting that they have a DX approach that goes beyond the current financial year with longer-term commitment and change management considerations built in. Retail organizations plan on integrated, continuous enterprisewide DX innovation to support seamless operations and customer/service experiences.

Holistic strategies start by building a foundation that facilitates maximizing the value of technology investments by seizing every advantage they enable. This in no way infers that retailers are forgoing being innovators; instead, it reinforces the notion that technology investments will be balanced with a solid dose of pragmatic initiative to tie processes together for optimal outcomes. Retailers are increasingly willing to take risks: 40.0% will be leaders and early adopters of new technology, and 31.8% will aggressively seek out emerging technology to create advantage even if it means some products may sometimes not work out. The likelihood of a newly implemented technology being successful is largely dependent on how well it is designed and supported, and, most important, how well it is integrated and executed, including how well it connects to external data and workflows.

**Leading Opportunity Areas to Improve Operational Resiliency and Efficiency**

Retail companies that are operationally resilient and efficient have several characteristics, including:

- Continual optimization of the value and productivity of human and physical assets across the ecosystem. This requires vigilant monitoring and the ability to deliver alerts in a timely fashion so that action may be taken.
- Organizational visibility and the responsiveness to meet customer needs. This might include improving product availability, scheduling operational tasks, quickly adding new employees who can be scheduled to work, scaling IT operational processes to meet demand, or creating new workflows.
- Agility and innovation underpin the fast delivery of new products and services. Data and application portfolios are only as good as the ability to adapt them when new needs emerge. The foundation and integrations between processes need to seamlessly adapt.
- Risks are well understood and reduced appropriately. Risk avoidance can be a panacea that limits innovation, so it is important to optimize risk tolerance with business growth objectives. Retailers must apply end-to-end security across the enterprise.

Investing in technology and the platforms that optimize workflow among and between applications enables retailers to demonstrate these characteristics and to improve operational resiliency and efficiency. Successful retailers will aspire to ubiquitous objectives such as everyday responsiveness, continual adaptation to business needs, and improving customer service and productivity.
What Are the Best Opportunity Areas for Maximum ROI?

Digitizing and automating processes, workflows, and alerts require a cloud-based platform that integrates systems of record with execution systems. Some of the systems that benefit most from improved process workflows and alerting are:

» **Human resources service automation.** The ability to measure, onboard, allocate, support, and strategically plan for resources gives the visibility to track and manage work and ensure that they can deliver an excellent service experience. Service automation can encompass the call center, payroll, shared services, and benefits.
  
  ■ **Human resource onboarding.** When new associates come on board, they need to hit the ground running — with somewhere to work, a laptop, an email account, and access to various corporate systems. Human resources, IT, and facilities all need to work together to be ready for each hire’s first day on the job.
  
  ■ **Benefits administration.** Employees who own the role of benefits administration appreciate that seamless workflow that enables them to efficiently deliver a great employee experience.

» **Self-service for retail employees.** Employees who can seamlessly access and manage HR systems efficiently from day one are more likely to feel that the organization that they work for is transparent and supportive of their needs. This results in a higher level of employee retention and engagement. Similarly, streamlined employee feedback in areas such as work schedule, pay, management, and ethics augments good employee satisfaction levels.

» **IT delivery and support management/automation.** Integrated platforms and insights should drive continuous improvements across the production operations stack. Benefits include quicker service delivery, better code quality, and less downtime. In addition, with a single system to correlate and analyze data, IT has better visibility into its pipeline of tools, operations, and production monitoring systems.

» **Store operations and asset management**
  
  ■ **Customer experience.** Seamless operations and execution across multiple systems require that workflow in each application and among applications that have interdependencies is optimized with the impact to consumer in mind.
  
  ■ **Mobile first.** Store planning and operations can now be completed on the go, maximizing the value of applications and improving the productivity of the employee.
  
  ■ **Delivery and appointment scheduling.** The store is more than a physical place to browse and buy goods. Increasingly, curbside pickup or in-store pickup may be available, or the store may even be a depot to ship goods to consumers, all of which sometimes requires appointment scheduling. This isn’t an option all retailers have provided in the past and is therefore ripe for adopting the best practices of the leaders that have established systems that meet customer and store workforce needs.

» **Risk and compliance management.** Store audits, compliance management, and physical and digital security are top of mind right now as retailers have recently created longer lists of tasks and checks that need to be performed on a daily basis. Managing this long list can be difficult without a way to streamline execution.
» **New store opening planning and asset management.** Retail managers can plan and execute every detail of store rollouts flawlessly by managing physical store, resource, product, and processes from a single place. Retailers can avoid missteps that occur from missing any detail or miscalculating store launch needs.

» **Distributed operations productivity reviews and management.** Compliance operations can stay on top of store, warehouse, distribution, and corporate compliance issues and track successes by monitoring productivity regularly. It's not possible to monitor what isn't measured however, so compliance personnel must track data and make it available to evaluate how all areas of the business are performing against prescribed metrics for success.

» **Supply chain visibility, workflow, redundancy, and alerts.** A single workflow to automate supply chain execution based on current context provides supply chain personnel with increased visibility into operations.

  - **Supplier management.** Portals for vendors enable flexible onboarding of suppliers to reduce the time required and improve the speed by which new orders may be placed.

  - **Procurement.** With automation, the end-to-end purchasing contract process can be streamlined through all of the steps among procurement teams, vendors, distributors, and partners, including the process to manage RFPs and multiparty agreements.

» **Merchandising visibility, workflow, and alerting.** Store associates feel better connected to corporate by having more product information at their fingertips and better engagement opportunities on assortment, prices, markdowns, or promotion change strategies and tactics.

  - **Pricing, markdowns, and promotions approvals.** Store associates can interact with corporate to get approvals to make one-off adjustments to price, create markdowns, or run an in-store promotion because of localized conditions.

**Benefits**

A cloud-based platform that integrates systems of record with execution systems can improve systems and processes across the enterprise. Some of the processes are in customer service, IT, HR, operations, merchandising and supply chain. In summary, the benefits include the following:

» Improved customer service

» Improved productivity by alleviating the burden on human resources

» Improved ability to continually innovate

» Reduced costs of IT operations
**Considering ServiceNow**

ServiceNow is a Santa Clara, California–based software company that has developed a cloud computing platform to help companies manage digital workflows for enterprise operations. Built on the Now Platform, the product portfolio delivers IT, employee, and customer workstreams. The ServiceNow Now Platform simplifies how work gets done, delivers intuitive experiences, and enables digital workflow apps with a single cloud platform.

ServiceNow solutions define, structure, manage, and automate services within and between departments in an enterprise. Focus areas in retail include customer support, IT service management and operations, human resource management, supply chain management, merchandising, store operations, security, and voice of the employee. The platform also enables customers to create unique service-oriented business applications that can be deployed throughout the enterprise.

ServiceNow offers platform-as-a-service technical management support, such as IT service management, to the IT operations of large retail entities, including providing help desk functionality. The company’s core business revolves around problem and change management, but this does not mean that the solution is solely "reactive" ServiceNow proactively automates the automatable to reduce workflow friction and associated costs as well as improve productivity and set up retailers for continued innovation by establishing a platform that supports adaptability, efficiency, and resilience.

**Challenges**

Retailers are in the midst of significant change as they transform for their customers. The list of technologies that retailers are interested in implementing in retail is long, and there is significant risk that retailers will miss the forest for the trees as they address their priorities. There is also risk that the various processes that are improved will not be knitted together into optimal workflows; this is where ServiceNow can support business. The challenge for ServiceNow is the wide field of application and service providers that are creating APIs to external applications and the ability to customize workflows.

ERP technology providers and various other application providers are attacking the challenge head-on. Where does that leave ServiceNow? As a platform-as-a-service provider, ServiceNow offers multiple capabilities, more than any single dedicated application provider can offer other than those that compete directly in the market category. Retailers that invest in ServiceNow will be taking the offensive position, working to improve agility, resilience, and efficiency proactively and strategically.

Retailers are faced with making trade-offs between replacing legacy technologies, investing in new platforms and applications, and improving applications and processes that are already in place. Retailers that are driving toward sustained success into the future will consider a platform that simplifies change and optimizes process and workflow, but this is a limiting factor.
Conclusion

The entire retail industry is at a critical juncture. To succeed, retailers need to adapt to the changing needs of the consumer. The ideal retail organization will be a lean and adaptive machine that delivers outstanding service but keeps operating costs as low as possible. Technology plays a critical role in enabling organizations to meet both objectives. Cloud-based platforms that connect the dots by creating workflow between data, physical assets, human resources, customers, and applications can speed everyday responsiveness and continual adaptation to business needs while improving customer service and productivity.

Retail differentiators are quite often related to staffing, training, inventory availability, support, and technology availability and integration across channels. Core challenges have been exacerbated by wild fluctuations in demand in physical and digital channels as well as deepening consumer shopping preferences for contactless access to goods and services. Retailers are responding to these shifts by implementing new processes and accelerating technology investments that enable more efficiency, resilience, and adaptability.

Holistic strategies start by building a foundation that facilitates maximizing the value of technology investments by seizing every advantage they enable. This in no way infers that retailers are forgoing being innovators; instead, it reinforces the notion that technology investments will be balanced with a solid dose of pragmatic initiative to tie processes together for optimal outcomes.

IDC believes that the market for cloud computing platforms that help companies manage digital workflows for enterprise operations will grow in the coming years and that ServiceNow has a significant opportunity for success in this area.

About the Analyst

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As Group Vice President for IDC Retail Insights, Leslie Hand is responsible for the research direction for IDC Retail Insights and leads research related to the digital transformation of retail omni-channel operations. Hand works with retailers and technology providers on developing best practices and strategies, aligned with where they are and where they want to go, leveraging IDC quantitative and qualitative data sets.
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About ServiceNow
The retail sector has been undergoing a period of immense disruption as the digital economy has fundamentally reshaped the ways consumers interact with retailers and transformed the industry. Their ongoing success, or even survival, will depend on frictionless operations and service — both online and in-stores. Many retailers are often stuck with disparate systems and communication channels, resulting in major inefficiencies and poor customer experiences. Retailers need to automate their operations so they can quickly adjust to changing market dynamics. Most retailers, on average, spend 1-2% of sales on technology versus the leading online retailers who are spending at a rate of 10%. ServiceNow can help address the critical retail digital transformation trends leveraging the Now Platform to automate and streamline processes, reduce expenses, empower the front-line employees, and ultimately delight your customers. For more information visit https://www.servicenow.com/