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The COVID-19 pandemic has continued to affect the Indian economy and especially the retail sector for the past 18 months. The pandemic, which was hoped to last for a few months in 2020, has continued to extend to second and possibly third waves globally and in India. Each wave brought its own set of challenges for sectors across the value chain from manufacturing, sourcing, and logistics, to distribution and retail (both offline and online). These disruptions led to significant changes in the behaviour of consumers who have continued to study and work from home for longer periods.

As a result, retailers, especially offline/brick and mortar, have had to adapt to the ‘new normal’, developing alternate ways to engage with and reach their end customers, building new business models (including Direct to Consumer/D2C), enhancing their online presence quickly while still preserving their offline stores and footprint, expanding their rurban and even rural reach, etc. They have had to embrace technology and digitise rapidly to make their businesses more agile to cope with massive disruptions. With the shopper journeys becoming non-linear, enabled by technology and connectivity, retailers are learning to proactively respond to consumers’ new shopping preferences, such as contactless delivery, curbside pick-up, Buy Online Pickup In-Store (BOPIS), and Try On In-store and Ship to Home (TOSSH). As high streets and malls continue to reopen and footfalls return, retailers will need to adjust their business and operational plans to the evolved/changed shopper journey and behaviour, and look at putting consumers/shoppers at the centre of everything they do today.

The Deloitte report on “ReWriting the Rules of New Retail” is developed against this backdrop of major changes in the retail sector. The report looks at how retailers have rapidly adapted to the “new normal” through resilience and their desire to succeed, and realigned their business models by embracing technology to enhance consumer and shopper experience. Retailers have done that by accelerating the adoption of omnichannel strategy, digitising their operations, and focusing on sustainable business practices to operate efficiently and thrive in a new business landscape.
Introduction

The frequent lockdowns, global and local travel restrictions, and other disruptions over the last 18 months due to COVID-19 have fundamentally changed consumer behaviour across categories, with far reaching impact on retail, distribution, payments, and supply chains. It has defined a “new normal” for businesses and may have altered business dynamics forever. The acceleration of technology adoption across the consumer and retail industries has become a critical aspect for surviving in the new normal and coping with the rapid changes. As a result, most retail businesses are re-thinking their in-store and online customer experience (CX) and engagement.

**Market forces are shifting**
Markets are certainly shaped by consumers and technology, but what is of equal importance are the external market and economic forces that shape the competitive landscape.

Following are the disruptive forces in the retail and consumer products industries:

**Disruptive forces to be reckoned with**
The interplay of four forces is shaping seven distinct trends redefining the Consumer Products and Retail (CP&R) industry

- Technology advancement
- Changing consumer
- Market forces
- Economic pressures

Source: Deloitte analysis
Seven trends that are fueling the evolution of the Consumer Products and Retail (CP&R) industry

Commoditization and premiumization
- Proliferation of brands and products
- Continued margin pressure
- Rise of private labels
- Premiumization of products
- Consolidation of platforms
- Emergence of hyperfocused niche brands
- Growth of off-price and discounters

Digital success grows elusive
- Digital growth peaking and offering diminishing returns
- Shift to mobile continues
- Shift of advertising to digital
- Deteriorating impact on margins due to higher online delivery costs
- Emergence of underpenetrated groups online
- Growing social influence of brands and platforms
- Rise of omnichannel complexity

Smaller and closer
- Shift to smaller and localized store formats
- Continued store closures ... for some while expansion for others
- Divergence in mall tier performance
- Distribution of localized inventory
- Shift to city centres and rural centers

New models, growing impact
- Growth of DTC
- Emergence of alternative business models
- Growth of secondhand product markets
- Development of new membership models
- Shift to cooking and at home consumption
- Development of new models of selling advertising
- Increase of services/hybrid retail offerings
- Convergence of health care into retail
- Increased value on infrastructure driving revenue streams

Convenience as the new battleground
- Growth fueled by convenience = Convenience stores expansion
- Heightened expectations around delivery
- Reconfiguration of physical locations
- Increased supply chain complexity

Health and sustainability
- Growth in sustainability-focused marketing
- Divergence of healthier and unhealthier customers
- Rise of healthy fast-casual
- Increased transparency
- Decrease in consumption of “unhealthy” (alcohol, tobacco, etc.) products
- Rising demand for fresh food and food safety

Fragmentation and consolidation
- Consolidation of market share for large retailer
- Decreased volatility of market share of leading players
- Fragmentation in CP&R with rise of private labels and discounters
- Shift in share to new entrants
- Increased vertical integration

Source: Deloitte analysis
The pandemic has amplified many of the above trends and compelled retailers to develop new or enhanced strategies in response to the following:

- Changing shopper/consumer behaviour/journey
- Global and local supply chain disruptions
- Direct-to-Consumer (D2C) are maturing for CP&R companies
- New retail models are disrupting the retail sector
- The rise and exponential growth of new consumer brands
- Complex regulatory environment challenging global operations for retailers

As the economies across the globe are opening up, retail businesses have had to revisit their strategies, and reimagine all elements of their operating models in order to thrive in the new normal.

Digital and technological transformation of the retail sector is helping retailers respond to these market forces in a variety of ways. Retailers are accelerating their shift to tech-based platforms to strengthen core attributes needed to thrive in a post-pandemic world:

- **Agility** to get new products, services, and capabilities to market faster
- **Resiliency** to keep the business up and running amidst disruption
- **Efficiency** to keep costs in line and improve operating margins
- **Scalability** to meet the ebb and flow in consumer demand
- **Innovation** to offer differentiated experiences across diverse channels
Rewriting the rules of new retail

India’s retail story and emerging trends in the retail landscape
Consumer is king

India’s retail story is forging ahead despite the lockdowns. While 2020 did cause a slowdown in retail, as the economy has reopened, global and domestic retail behemoths are aggressively wooing Indian consumers. Today’s consumers are able and willing to spend, thanks to the rapidly growing economy. Over the past two decades, strong economic performance leading to an overall per capita income growth, had led to the growth of a burgeoning and affluent middle class with high disposable income, high aspirations, and more spending power. Growth has also been broad-based across tier 2 and 3 towns and rural parts of India, all of which have led to the rise of consumers in suburban, rurban, and rural India.

The young and aspirational demographics of India have been strongly influenced by globalisation, which has played a significant role in widening consumers’ perspectives and behaviour. Indian consumers today value experience as they buy global and local products and services, but still are very “value” driven. Social media has also played an important role in shaping perceptions and has exposed consumers to a wide range of products and services. This is especially true with Millennials and Gen Z, who are spending more and more time on social media and are often influenced by the channel for a lot of their purchase decisions. All these factors have shaped the Indian retail industry dramatically.

However, the past 18 months have been difficult for the Indian retail industry because of the economic slowdown due to the pandemic-related disruptions. The economy, which was already slowing down in FY19, grew at only 6.1 percent in FY19 and 4.1 percent in FY20 compared to over 7 percent growth in previous years. The slowdown across many sectors had a huge impact on consumer incomes and savings, which in turn impacted consumption across retail categories.

The other challenge has been that of persistent inflation. Consumer price inflation has hovered around the higher end of the RBI’s targeted inflation range (2 to 6 percent) for over a year now. Primarily driven by supply-side disruptions, rising commodity prices, and increasing global higher oil prices, inflation has bitten into consumers’ pockets and resulted in a higher cost of production.

Finally, the labour market has remained weak. The employment rate and the labour-force participation rate have declined by over 2.5 percent since the onset of the pandemic, and many employees lost their jobs during the pandemic. Several of them are discouraged from even looking for jobs and have dropped out of the labour market. This is also evident from the fact that self-employment has increased—people who cannot find acceptable jobs are turning into entrepreneurs to find means to earn income.

India’s promising growth story

That said, India’s growth outlook is promising. India has fared relatively well in several economic parameters relative to other emerging nations throughout the pandemic. According to a Deloitte forecast, India is expected to rebound strongly now that the economy has opened up, which is in line with predictions of several international organisations as well.

Consumer sentiments have also seen a strong rebound since the second wave, as falling infections and reduced movement restrictions have resulted in strong pent-up demand. In addition, the high-income group, who were financially less affected by the pandemic, will also further drive consumption and this segment of the urban population and a part of the rural population are likely to usher in strong demand in the coming quarters. Deloitte’s latest consumer behavior survey also suggests a strong shift away from non-discretionary spending to discretionary spending.

With India being a consumer-driven economy, a strong economic recovery bodes well for the overall retail sector and its outlook. The retail sector is expected to touch US$1.3 trillion by 2024 compared to the current size of $883 billion in 2020.

1 RBI, Press Bureau of India
2 CMIE database.
4 https://www2.deloitte.com/in/en/pages/about-deloitte/articles/the-tunnel-got-longer.html. The updated projections are in the pipeline for publication. For more information, please visit our economic website.
In addition to these buoyant macro forces, growth will be propelled by rapid advancement in technology and digitalisation, which is likely to drive more online sales for retailers. At the same time, big data and data analytics, Machine Learning, AR, VR, and AI will equip sellers with useful insights into customer behaviour. By interpreting this data, businesses will be able to target both potential and existing customers. These analytics will also help offline and online retailers tailor their marketing campaigns and media platforms to the right consumer segment for their categories.

The transitioning retail landscape

With a current retail market size of $883 billion, retail has grown three-fold in the past decade. Globally, India is the fourth largest retail market in the world and ranks second in the Global Retail Development Index. Currently, it employs 8 percent of the total workforce at 35 million and by 2030, it is expected to create 25 million new jobs.\(^6\)

The landscape of the retail sector has changed over time and has been constantly reinventing itself to meet consumer demands. Indian retail was dominated by neighbourhood local retailers till the Indian economy opened up three decades back (Retail 1.0). As the growth momentum picked up and government policies led to increased trade and investments in the sector, foreign companies saw an opportunity in India.

Rising consumption and changing consumer demand led to the emergence of modern retail as national and international brands set up shop in different formats like – department stores, chain stores, supermarkets, hypermarkets, e-retail, etc. (Retail 2.0)

Then came the millennial population and growing internet penetration both in rural and urban India that gave a boost to e-commerce in India. While most countries are tackling the problem of an aging population, India has one of the youngest populations in the world. The median age is below 30 years and around 55 percent of India’s population is between 20 and 59 years, which means more than half of India’s population is employed. Again, India currently has 622 million internet users which are expected to go up to 900 million by 2025.\(^6\)

Tech-savvy young consumers with different aspirations were enabled by a wider choice of products and price comparisons on online platform owing to rapid technological advancements and a surge in the use of smartphones and internet connections. Some emerging trends such as digital transactions enabled by e-wallets further aided this rapid transition. At the same time, the rise of entrepreneurship and capital flows enabling the start-up ecosystem gave the needed push. All of these aided the e-commerce growth in India witnessed in the past decade (Retail 3.0).

The onset of the pandemic probably played the role of a catalyst in hastening the transition to digitisation and technology that the retail space has been seeing over the past 10 years, and by advancing several changes that were not envisioned pre-COVID-19. E-commerce in pharma and healthcare, food and retail, travel, fintech, home delivery of services (like electricians, plumbers, barbers, etc.), OTT, and in-home entertainment, all proved to be the big growth areas during COVID-19. As more and more people started ordering from home due to restrictions in movement/lockdowns, one of the emerging trends in the retail market has been the convergence of online and offline (O+O) channels in the past two years (Retail 4.0).

Another new emerging trend in retail is direct to consumer (D2C), where brands are bypassing the intermediaries (distributors, sub-distributors, retailers, etc.) and providing products directly to their final consumers. While the model is still emerging, it has a lot of challenges around customer acquisition costs, high cost to serve, and challenges around reverse logistics and payments, the model is likely to continue to grow and a recent study predicted this to reach US$100 billion by 2025 in India.\(^7\) There are many emerging models for D2C, where some brands prefer permanent pop-ups in brick-and-mortar stores, and others prefer online platforms. Some D2C players are also taking the multi/omni channel approach.

\(^6\) NASSCOM report

The Journey of Retail in India

Retail 1.0
- Dominated by neighborhood kiranas

Retail 2.0
- Prominence of modern retail
  - Neighbourhood kiranas
  - Multi-brand outlets
  - Supermarkets
  - Showroom format modern retail (apparel)

Retail 3.0
- Online-led retail growth with the promise of technology-led integration of India's largely fragmented retail ecosystem
  - Emergence of hyper marts, super marts, and cash and carry store formats, coupled with geographical expansion from metros to tier 1 cities.
  - Retail channels
    - Neighbourhood kiranas
    - Multi-brand outlets
    - Supermarkets
    - Showroom format modern retail (apparel and other categories)
    - Product listing websites

Retail 4.0
- Convergence of traditional and online channels
  - Digitally enabled ecosystem
  - Active interplay of tech solutions and digital-savvy consumers
  - Growth of D2C as retailers pass intermediaries to reach consumers faster

The way forward

The future of the retail sector will be defined by a multi-channel approach where online and offline channels will not only compete, but also support each other. The way forward for retail will be a blend of brick-and-mortar stores with online selling platforms, with both likely to continue to grow in markets like India. Brands and retailers are recognising the transition and their strategies are being re-orientated to reflect this change.

An online presence gives retailers a chance to reach out to a wider audience, which is very critical for a diverse and large country like India, where close to 60 percent of population still lives in rural regions with very little offline retail footprint. Another effective and emerging tool for brands and retailers is social commerce – social media is evolving from being used by brands and retailers for effective marketing campaigns to also being used to sell goods. Small/new retailers are increasingly using this platform to sell goods to save on capital expenditure and operational costs, while reaching a broad audience across the country.

The retail industry will be defined by the pre-pandemic and post-pandemic eras. E-commerce became the preferred channel of purchase during the pandemic as consumers refrained from stepping out and wanted contactless delivery. However, in the long run, the retail industry will consolidate and take the multi-channel approach where both the channels will be interdependent, and both will thrive.
Post-COVID retail trends
Since the pandemic, online sales have risen much faster in comparison to the previous years, as customers shifted from physical store visits to ordering products online due to restrictions in movement and due to safety and health concerns. With more shoppers realising the convenience of online ordering, better assortment, and discounted prices, this trend is likely to continue. Retailers across the world have embraced the omnichannel strategy to successfully address this shift.

In the new normal, the retail environment is likely to continue to constantly evolve and requires that retailers transform their in-store supply chains and operating models to become more flexible, adaptive, and resilient. This idea is not new - Retailers have long been aware that they need to provide contactless at home shopping opportunities for their customers, but this has been made more urgent by the pandemic.

According to Deloitte’s consumer survey, many consumers today are still hesitant to venture out and are focused on their well-being compared to 12 months ago. While they feel their daily lives have become more home-centric, most are seeking in-person interaction and experiences, signalling to brands a clear need to rebuild social trust and contact.

What is occurring in the industry for the last 18-months is profound and unprecedented, and it is critical for retailers to focus on these four main drivers moving forward:

**Four main drivers pointing the direction of the retail market**

- **Customers**
  The customer mindset has changed significantly over the past years: focus is on new aspects.

- **Market**
  With customers demanding lower prices, pressure is growing; the result is increasing consolidation among retailers.

- **Technologies**
  New technologies are arising in ever smaller intervals; increasing importance of attracting customers and managing companies.

- **Workforce**
  New employee generations like the “Millennials” transform expectations regarding working conditions.

Source: Deloitte analysis
Customer priorities are changing

Changing customer mindset:
While we saw unprecedented growth in online sales during the pandemic, as we enter the endemic stage and things return to normal, data from our Deloitte consumer survey suggests that consumers are increasingly feeling safe to venture out to stores and engage with offline retailers. This is clearly reflected in the rising footfalls across malls and highstreets in India during the festive season, with many reporting pre-pandemic level sales and footfalls.

Touchless experience:
The pandemic has made customers realise the importance of touchless interaction in store to complete their shopping journey, and things like curb side order pickups, collection at parking lots or at a storefront increased significantly during the pandemic. It is expected that there will be a lot more adoption of BOPIS.

Bring the in-store shopping experience home:
Retailers replicated certain in-store high-touch counters, such as makeup and jewellery, with virtual try-ons using digital apps and augmented reality, allowing consumers to try on more items than was possible in a traditional store setting.

Dressing rooms were also replicated with virtual clothes try-on smart mirrors, and some retailers even adopted the technology that let consumers scan nearly 40 measurements with a smartphone and use video chats to provide personal consultations to enable them find the perfect fit and size.

Technologies are powering the new normal

Unified solutions
Large and medium-sized businesses and smaller retailers are collaborating with e-commerce marketplaces for secondary distribution/last-mile delivery of their products. Further, cross-sector collaboration is also expected to continue in the future as during the waves of the pandemic, retailers collaborated with highly affected industries, such as food service, hospitality, and tourism, to use staff/employees from these industries to support their retail operations.

Voice capabilities
Enabling customers to search and purchase products online through voice commands is a major growth area, especially in local languages and dialects. By using vernacular commerce leveraging smart voice-enabled assistants, customers can add products to their shopping lists, make purchases, make payments, and check the status of their orders. Retailers have also added these voice commands in various local languages, including Hindi, to increase its adoption amongst consumers and provide ease of use to them.

Virtual reality
Digital reality is generally defined as the wide spectrum of technologies and capabilities that inhere in AR, VR, MR, 360° video, and the immersive experience, enabling simulation of reality in various ways (see below figure). AR Market is witnessing high growth primarily due to increasing penetration of 4G – and prospectively 5G. Increasing compatibility of smartphone with VR technology, along with growth in the mobile gaming market, are opening new opportunities for VR. VR Market is further divided into hardware (85%) and software (15%) categories. Users can experience via virtual trials, virtual malls, smart mirrors etc. High growth witnessed in AR/VR Market primarily due to the restrictions due to Covid-19. AR further allows online shoppers to view products such as clothes, furniture, and other items in 3D in a real-life environment. Customers can search scenic destinations, cities, or hotels in a travel destination through VR set-up.
Rewriting the rules of new retail

The digital reality ecosystem

**Virtual Reality**

**Augmented Reality**

**360° Video**

**Mixed Reality**

**Immersive**

**DIGITAL REALITY**

Solves real-world business problems and creates new sources of competitive advantage

Contactless payments in the store

Customers today prefer contactless payments in-store to minimise the risk of the virus spread and can use their mobile phone to make payments in-store using e-wallets, UPI, or by scanning a QR code. This method makes payments safer, faster, seamless, and efficient, resulting in an enhanced customer experience.

Market and operations factors

**Optimise and integrate the retail supply chain**

Consumers increasingly expect to be able to shop for any item, when and how they want it, in real time. This instant shopping across multiple channels is being addressed by retailers not only in stores but also upstream throughout the supply chain, which is undergoing massive omnichannel transformation as well. Retailers should capitalise on this end-to-end transformation by taking the following steps:

- **Offering real-time inventory visibility**
  
  Retailers can use item-level tagging, computer vision, or other blockchain technology to provide more transparency into whether an item is available, where it is located, delivery time, etc. This will enhance a customer’s experience online and in-store, and help store associates improve in-store location and fulfilment of items.

- **Improving processes to limit and enable returns**
  
  Retailers can improve the customer experience by enabling in-store returns for e-commerce purchases, leveraging artificial intelligence and machine learning to optimise and standardise policies for costly returns. They can also consider investing in AR and VR technology for virtual try-ons and sizing, which could limit mistaken purchases and reduce return rates for products such as apparel and home goods.
Reorganise store layouts and operations
As consumers return to the stores and accelerate in-store spend, their shopping patterns and behaviours are unlikely to mirror pre-COVID-19 levels. They will still expect a safe, seamless, and pleasant experience, but they may also look at using their local store as a convenient curbside pickup location. Retailers can take this as an opportunity to reengineer their store layouts and enhance their customer shopping experience by taking the following steps:

• Expanding fulfilment areas and technology
  Building on the trend of BOPIS and stores as a delivery hub, retailers can consider reallocating sales floor space to enhanced customer pickup areas, allowing customers easy access to prepared orders. They can also consider expanding the back room, leveraging and prioritising additional space to fulfil and stage incremental BOPIS and e-commerce orders. In addition, looking at micro-fulfilment centres and other automated fulfilment options can help retailers lower the cost to serve for each order, decrease the time and effort for associates to pick and pack an order, and improve the overall customer experience by reducing the number of wrongly picked items.

• Reducing friction
  With consumers seeking an overall shopping experience with less friction, retailers can consider accelerating their investment in technology to improve the shopping journey. Self-serve kiosks, mobile checkout and contactless payment, enhanced in-store Wi-Fi, and incremental mobile app features (such as shopper maps, augmented reality, etc.) are some of the options that the retailers can enhance for better consumer experience. Retailers are moving towards frictionless supply chain to ensure safety and speed of execution.

Direct to Consumer (D2C) model
The shift toward more D2C channels as a result of the COVID-19 pandemic is evidenced across consumer and retail space. Online spending in 2020 grew significantly across the consumer and retail sub-sectors. This high level of online consumer spending has persisted throughout the pandemic. New digital tools coupled with powerful data analytics is improving the shopping experience. Moreover, digital brands are creating newer opportunities:

Digital platforms create new opportunities for brands

Source: Deloitte report (Going digital, going direct)
Redefining the role of physical retail in stores of the future

While the pandemic has caused a shift towards e-commerce, presence of physical/offline retail is equally important as it accounts for almost 95 percent of Indian retail. This also implies that retailers have to constantly change their strategies and adopt new models to succeed and enhance the experience they provide to shoppers.

Digital/online shopping has provided consumers a safer way to buy the goods and services they needed during the pandemic, and many of their digital behaviours are likely to remain as and when things open up. The pandemic has rapidly accelerated consumer shifts that were expected over the next several years. However, despite the dramatic increase in overall online spend, many consumers are still likely to prefer physical retail for some of their shopping. They value the physical experience: a personalised, engaging immersion with the brand, touch and feel of the products, ensure they have the best offers/promotions, take guarantees of service and quality, face to face communication with the store sales staff, etc. And above all, they enjoy the convenience of the physical channel, which allows for the real-time, immediate purchase (or return) of a product. As consumers return to physical stores, they are also likely to want many digital options to stay.

Brands going digital is not a new idea. Yet the approach taken can require tremendous investments, in online stores, retail chains and staff. Today's digital platforms can enable brands to channel far more quickly and cost-effectively. D2C Opportunity can deliver –

- Improved revenue growth by increasing engagement and conversion rate via ecommerce channels.
- Improved margins through pricing or trade spend
- Expanded market reach with the most desirable customer segments
- Reduced capital expenditures as need for cumbersome brick and mortar store will go down
- Improved customer data by leveraging wealth of data produced by online channels
- Improved customer relationships by leveraging data driven understanding of customer behavior
- Comprehensive product assortment

According to Salesforce, State of the Connected Customer (4th ed.)

- ~90 percent of consumers are looking for a digitally enhanced shopping journey, whether engaging at home, via mobile, or inside a physical store.
- 78 percent of consumers value convenience even more now than before COVID-19.
- 83 percent expect flexible shipping and fulfilment options like BOPIS.

Omni-touchpoint connections and presence is another area that will become business critical, irrespective of the scale of the retailer.

This is to expand maximum reach to customers to improve online market conversion rates and adopt the changes in operations, availability of stock by a digital system.

- Extend the reach to customers to which they could add efficient, precise online touchpoints to improve online marketing conversion rates.
- Formulate strategies of excess stock, manage future requirements/demands, and achieve long-term improvements by correcting digital system perspective.
- Enable digital restructuring of the products and services offered in shopping centres to focus on safety and enhanced shopping experience.
Online to Offline (O2O) and community buying

It is another model that offers supermarkets and convenience stores room to grow. Businesses have established a standardised range of product offerings and services online that accelerates digital transformations.

- Availability of options for developing their online presence, expanding online SKUs quickly and driving auto-replenishment as they offer integrated sales ecosystems in their own online spaces or via third party apps or mini programmes.

- Quick deliveries by collaborating with other platforms to develop delivery systems based on their requirements.

- Community-based retail or community-based/group-buying via apps or communicating platforms is set to become an important retail model. Businesses have moved very quickly to established communities, and they have also been using social media and instant messaging apps to sell their products to a wider audience.

- Safe delivery by exploring the value of contactless deliveries and seek to incorporate “touchless, safe, and hygienic” smart delivery services per consumer needs.

Workforce focus

Invest in store associates

In-store associates are the face of the retailer, and they can help provide better services to the consumers. Companies are facing significant staffing challenges as the recovery continues. Employees are in high demand as the economy accelerates - not only in retail, but also in competitive sectors such as leisure and hospitality, which are forcing retailers to compete for talent across sectors. As customers return, stores will need associates who are trained and ready for increased traffic and interactions. Retailers can help ensure they have the right staff in place by taking the following steps:

- Retraining and cross-training associates
  With the current challenges in recruiting new associates to fill open roles, many retailers will look to retain and rapidly train existing employees to manage incremental responsibilities. Leveraging new technologies, such as mobile microlearning along with AR and VR, can enhance and accelerate training capabilities “virtually” at scale across a large store footprint.

- Empowering store teams
  Reinvigorating frontline staff roles by empowering, engaging, and connecting their actions to the retailer’s overall success can improve the overall team environment and thereby the customer experience. Enhancing associate communications and providing access to daily metrics and insights can improve the overall associate experience, as well as engagement.

Boosting productivity with robotics

Robotics has transformed distribution centre operations with incredible speed and accuracy. The use of robotics in logistics and supply chain enables retailers to track correct product movement, stock levels, and product placement. It also offers retailers the flexibility to move their sales personnel to functions that will drive higher sales. Now robots are increasingly moving from warehouses to shopfronts, with Artificial Intelligence (AI) allowing retailers to transform their customer interactions/engagement and experience.
Innovation in the consumer business
Rewriting the rules of new retail

Over the years, consumer and retail sector have seen a lot of solutions developed by start-ups. From sentiment analysis calculations, to automated NPS score development, start-ups have focused heavily on building solutions that helped in effectively engaging the end customer.

COVID-19 though has played a major role in how brands connect with customers. From catering to demand explosion from tier 2 and tier 3 cities to developing an omnichannel strategy for a seamless experience, technology has paved way for brands to manage the disruption caused by the pandemic.

Recent Investments in RetailTech

Due to the wide variety of solutions being developed by start-ups in this space, it has attracted a lot of interest from the investor community. In just nine months of 2021, the sector has already received 3X8 funding from the levels it reached in 2020. Key investment areas are vertical ecommerce, social commerce and ecommerce solution providers that help SMEs in setting up online stores. The start-ups in this space are offering solutions in a variety of fields ranging from digital payments solutions to AI-driven logistics. This has led to the emergence of a concept, “New Retail” i.e. an integrated retail delivery model where offline, online, data and logistics are designed to enhance the customer experience.

Developments in retail innovation

Digital payments and online transaction strategy

While digital payments have been in play quite extensively over the last decade, the move to online shopping during the pandemic has led to significant considerations to be undertaken for a seamless functioning of the ecosystem. In order to build a robust payment strategy, brands need to invest in technologies that allow for fraud prevention, geographic and technology agility, among others.

Another key factor that influences building a robust payment strategy is the role government plays in formulating the regulations and guidelines for the sector. With restrictions put in place for payment aggregators, gateways and online merchants from storing customer card details, the move to end-to-end tokenisation (where the actual card details of a user will be replaced by an alternate code known as ‘token’) is being explored by the flagbearers of the sector. Consequently, start-up led solutions are emerging in the digital payment space that focus on building payment platforms based on omni-channel API-first approach.

Growth of e-commerce in tier 2 and 3 cities

Over the last two years, the share of e-commerce sales volumes of India’s tier 2 and 3 cities has increased to 46 percent9. This could be attributable to deeper penetration of accessible internet, low cost smartphones, adoption of digital payments, pandemic induced restrictions on commute and work from home initiatives by a majority of the organisations.

Due to this surge, start-ups have been quite successful in on-boarding new and active users from tier 2 and tier 3 cities including MSMEs apart from public at large. Players such as PhonePe, Paytm and Google Pay have led digitisation of over millions of Kirana stores in tier 2 and tier 3 cities in 2021. They have started providing multi-bank models to users for creating multiple UPI IDs, for higher market penetration.

Return of instore experience

The easing of COVID-19 restrictions is slowly encouraging shoppers to return to the physical stores. Given the need to maintain social distancing norms, brands and retailers must implement robust mechanisms to ensure customers feel safe and secure during visits and still maximise on their time spent in the store.

In-store sales have started outpacing the web sales in categories such as apparel, accessories, and beauty. In USA for example, in-store sales volume is ~50 percent10 more than the web sales volume. India too recorded the largest single day purchase of gold (a commodity that is generally bought in physical stores with touch, feel, and look of the product) during the festival of Dhanteras with sales of ~US$1 billion11.

Meeting customer demands has become even more challenging today than it ever was given the strong rise of multiple/omni channels. In such an environment, optimising the online model, developing an all-encompassing customer acquisition strategy while capturing the mindshare of the target segments remain key parameters for a successful brand.

10 https://www.criteo.com/blog/how-to-make-sure-shoppers-return-to-your-physical-stores/
11 https://www.businesstoday.in/latest/economy/story/gold-jewellery-sales-worth-rs-7500-crores-on-dhanteras-festival-cait-aijgf-311133-2021-11-02
Rewriting the rules of new retail

**Search Engine Optimisation (SEO) – Driving traffic online**

In a digital transformation journey, creating content is only half the job. At a time when brands and retailers are making the shift to online channel for targeting customers, making sure user traffic reaches their website, stays on it, and continues to use is utmost important. Accordingly, retailers’ websites should be structured in a manner that makes it easy for the web crawlers to index it and find relatable content.

This is where SEO plays an important role for content developers. The principles of any good website development indicate that the website should be structured in a manner that content/title is relevant and easy to read. Therefore, investing in the right SEO expert is paramount as it allows getting the messaging across to the target customers.

Apart from the above, SEO can also help brands go local by allowing them to target a specific set of customers in their geography. This can immensely increase store walk-ins, BOPIS activities, and increase brand recall.

**Building an omnichannel strategy**

As stated before, the more agile retailers have focused on omnichannel strategies by blending the physical and online channels seamlessly, the more it has created a unified look and feel across channels, making it immediately recognisable for customers. Further, the integration of the retail and digital payments ecosystem will only fuel this experience for the customer.

Driving an omnichannel strategy would make brands and retailers acknowledge, accept, and adopt changes in their operating model. Adopting digital wholeheartedly, innovating in the way they operate, and adopting a data-centric approach to engage customers are some of the levers available to retailers to offer better omnichannel experience to customers.

For a successful omnichannel strategy, physical presence and online channel should complement each other through technology. Retailers can drive behavioural change in customers by creating a seamless experience of helping the customers manage their shopping activities.

In a post pandemic environment, customers would vary of social distancing norms and the need for safety. Therefore, allowing them to optimise their time spent inside the store while maximising their experience would be key. Therefore, an ecosystem that helps customers navigate to their preferred choices (picking up choices from their wish list in the store app) and allows use of smartphones as payment devices, and provides real-time visibility on product availability, product details (responsibly sourced/organic) would be crucial for a wholesome experience. This would allow the customers to maximise their time spent inside the store while avoiding payment queues and maintaining social distancing.

Retail ecosystem

```
<table>
<thead>
<tr>
<th>Physical Stores</th>
<th>Online Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video conferencing for personalised experiences</td>
<td>AR/VR/MR</td>
</tr>
<tr>
<td>Buy-online, pick in store</td>
<td>Shopping/ browsing data from store app</td>
</tr>
<tr>
<td>Contactless payments</td>
<td>Customer engagement through branded apps</td>
</tr>
</tbody>
</table>
```

Source: Deloitte analysis
Start-ups-led technological interventions

Tech-enabled start-ups have played a crucial role in brands adapting to the change. From AR/VR for virtual try-ons to QR code scanning for payments, to AI-based predictive searches to customers on their mobile phones, start-ups have helped brands ease the life of a customer. Further, the customer data collected by these apps have allowed brands to offer more personalised experiences to the customer, leading to improved customer satisfaction and loyalty.

From jewelry brands to real estate project walkthroughs to even automobile shopping, AR/VR has applicability across sectors to make online shopping more experiential for the customers. Similarly, videoconferencing allows brands to maintain efficiency in their operations and supply chain by meaningfully connecting with their vendors, dealers, and suppliers.

Capturing the GenZ mindshare

Millenials and Gen Z spend time on preferred networking apps and establish connections with influencers they admire giving the brands a compelling opportunity to attract customers. Finding the right mix and the ability to interact with friends and participating in flash sales can amplify the user experience and lead to a better brand connect.

Going-forward differentiators

As consumers prepare for a post-COVID-19, vaccinated world, retailers can consider the following opportunity areas:

• **Emphasise the experience:** Reimagine store formats to offer differentiated in-store experiences and help drive incremental visits. Wraparound services or immersive activities can drive traffic to the physical channel.

• **Accelerate omni capabilities:** Improve customer facing app enhancements and apply a strategic, data-driven approach to engaging with customers by pairing third-party data (e.g., foot and vehicle traffic, transaction spend, environmental, and health) with first-party analysis.

• **Optimise retail supply chain:** Offer real-time visibility of product availability to customers through item level tagging, computer vision and enable in store returns for online purchases. Virtual try-ons for apparels could reduce the cost of reverse logistics.
The next wave of disruption

While there are a lot of changes that the sector is already going through, there are other challenges which will pave the way for the sector to evolve while keeping in with the demographic and technological trends.

India is home to 130 million online shoppers, out of which 80 million were added in the past three years\(^\text{12}\). The pandemic accelerated the growth of many major online brands, and those with their dedicated websites recorded an 88 percent rise in consumer demand in 2020 compared to the previous year.\(^\text{13}\)

This has been supplemented by the increased investment activity in the segment with over US$750 million raised till July 2021 across 66 funding deals — 251 percent higher than all of 2020\(^\text{14}\). With the market expected to grow to US$100 billion\(^\text{15}\) by 2025 due to a shift in consumers’ shopping behaviour and the accelerated digitalisation, it presents a strong yet challenging opportunity to the brands as they strive to manage logistics, marketing, and customer experience while focusing on product development.

With the growth of investment capital in the start-up universe, start-ups acquiring upcoming brands after assessing their growth potential, and driving growth through increased sales and lower costs has emerged globally. The start-ups are following a multi-brand and multi-product strategy, focused on consumer-brands. While a few global start-ups implementing this concept have reached a Unicorn status, India too is picking up pace with investors having already put in US$300 million so far boosted by the fact that there are more than 4,000 sellers in the Indian marketplace with more than INR 1 crore in sales\(^\text{16}\), and over 33 Unicorns alone in 2021 so far.

Google is currently exploring disabling third-party cookies by 2023 which will affect a brand’s ability to track website visitors, improve user experience, and collect data to target ads to the right audience. Accordingly, brands would need to innovate and identify measures to continue to profile customer demands and provide suggestions to augment online sales.

With the re-opening of stores, brands could face a challenge to recruit talent for maintaining an omnichannel strategy. With limited availability of skilled workforce to manage the challenging task, there is a need to upskill and retrain the workforce to take on different roles, bridging the gap between on-ground sales force and product managers and to excel in a competitive environment.

In the current scenario, brands face both strong challenges as well as growth opportunities which pave way for an exciting future being shaped by technology, start-ups, and strategy to make it relevant and contextual for them.

\(^{13}\) https://timesofindia.indiatimes.com/blogs/voices/the-d2c-basics-and-why-this-model-has-proven-to-be-pandemic-proof/
\(^{14}\) https://inc42.com/datalab/indian-d2c-startups-raised-783-mn-in-the-first-seven-months-of-2021/
\(^{16}\) https://www.nextbigbrand.in/growth-of-thrasio-model-startup-in-india/
Cybersecurity for retail
Accessibility, convenience, and contact-less delivery became the key characteristics of retail during the pandemic. It became important for retailers of any size to be able to reach customers wherever they were. In other words, omnichannel was no more just an option, with retailers ready to adopt any means that gave them customer access. This led to a spurt in e-commerce activities with even offline stores now investing in online presence. This is likely to continue in the future, with the post-pandemic retail being defined by a combination of online and offline store enablement, hyper-personalisation, hyper-localisation, enhanced customer experience, and supply-chain optimisation.

There is no doubt that digital will define this next phase of pivot for retail, but what is also interesting is that digital is democratising opportunities for every kind of stakeholder such as local shop owners, large brand outlets, distributors/supply chain partners, and even customers. This brings into perspective that the post-pandemic retail will be driven by the development and digitalisation of the entire retail ecosystem. As the retail ecosystems become more digitised, it will also bring in newer risks into the ecosystem such as cyber and privacy risks. These risks, if not tackled appropriately, can impede the inherent trust in the system, thereby jeopardising business growth.

It is important to note here that the overall attack surface is increasing with rising third-party plug-ins and collaboration, digitalisation of processes, adoption of online sales channels, digital payments, etc. According to a recent Deloitte poll, a majority of C-suite and other executives (86.7 percent) say that in the next 12 months, the number of cyberattacks targeting their organisations is likely to increase.

Retail organisations, in India and globally, have a strong focus on data. Imagine a scenario where the data gets encrypted, and even after the ransomware pay-out, does not get restored. Similarly, a situation where organised crime groups install malware in PoS systems, and steal a customer’s personal and financial information; this can lead to a huge impact on retail organisations. Alternatively, a distributed denial of service attack (DDoS) on an e-commerce platform can bring down the services during a peak sales season, leading to tremendous losses. And it doesn't always have to be a sophisticated attack - insider theft or a phishing attack can also be a problem if proper security controls and basic security hygiene and awareness are not in place. Many of these are happening on the ground. Not only do they cause monetary loss, but the inability to provide a secure and smooth customer-facing solution can even lead to a loss of customer trust and reputation damage.

As retail organisations prepare themselves to leverage this change in industry dynamics, a few cybersecurity considerations can really go a long way:

• Conduct comprehensive Cyber security and privacy assessments to understand risks and identify key assets that need protection. The assessment will highlight gaps, which can be used to create a strong cyber security strategy and plan, focusing on data privacy, protection, back-up, recovery, identity and access management, and cyber resilience.

• Protect online platforms with multiple layers of defense to prevent an attack on the availability of services. Importantly, include security of APIs and keep a check on what data access is being provided to extended enterprises.

• Provide cyber trainings for employees and even supply-chain partners

• Secure the supply chain through third-party risk management processes and third-party monitoring systems

• Protect point-of-sales (PoS) devices, which is critical but often overlooked.

• Update legacy and old systems to prevent exploitation of existing vulnerabilities

• Conduct third-party software testing and audits to protect any vulnerabilities coming via software.

• Consider cybersecurity in M&A due diligence

• Ensure cyber security incident monitoring and response and enhanced capabilities to monitor systems for malicious activity. And in case of a breach, processes should be robust enough to respond to the breach appropriately.

The retail sector has several MSMEs and start-ups too, and cybersecurity considerations and awareness are equally important in these organisations. A significant responsibility also lies with larger retail groups to make cyber and privacy awareness and best practices available across the value chain.

But it is not just the organisations that need protection but also the customers who access online retail and other retail-tech platforms. Cyber criminals are on a look-out for vulnerable users who can be hoodwinked through fake websites, malicious apps, spear phishing campaigns, fake sales offers, amongst others. This makes user awareness and education extremely critical.

As digital transformation permeates every aspect of the retail business, it is increasingly clear that it is not only an incredible enabler, allowing people and processes to achieve new possibilities, but also a means to amplify and spread risks. Organisations that do not incorporate cybersecurity into every aspect of their businesses, risk leaving much of digital transformation’s value on the table as well as increase their vulnerability to attacks. Implementing cyber security is not a project, but a promise to carefully manage data, communication, and business interaction end to end. Companies that are associated with exemplary data protection, thoughtful privacy policy and a robust cyber security earn the trust of customers and business partners alike.
Top technology solutions for retail
Rewriting the rules of new retail

Deloitte’s view on how technology is accelerating transformation in the CP&R industry

Consumer-led digital transformation is about survival and revival for traditional consumer companies in the digital era. Winning in a new digitally consumer-centric world requires a re-imagining of consumer engagement in moments that matter to them. Solutions in this space cover the end-to-end value chain and will not only accelerate a retailer’s transformation journey but also set them up for success in the long term.
Cloud opportunity for retail along with AWS

Amazon Web Services (AWS) is a cloud platform, offering over 200 services from data centres globally. It helps the corporates lower costs, become more agile, and innovate faster. AWS offers various services ranging from infrastructure technologies such as compute, storage, and databases to emerging technologies, such as machine learning and artificial intelligence, data lakes and analytics, and Internet of Things.

Cloud Migration done on AWS platform

Migrating a single application to cloud can seem straightforward. Sometimes it is. But more often, that application’s function is tied to multiple business processes. It may affect your vendors, balance sheet, and regulatory compliance. Moreover, different stakeholders may have different motives and expectations from your move to cloud. By supplementing Deloitte’s experience and insights with our newly acquired ATADatatechnology, we help our clients achieve the transformative value of cloud.

Deloitte’s discovery engineers employ complex logic and data-driven analysis to rapidly map applications and infrastructure, and determine the right migration path and landing zone—whether that’s re-hosting, re-platforming, or re-factoring. We help increase speed, quality, and savings by providing a complete and integrated tool chain from discovery through planning and workload migration. ATADatatechnology’s market-leading management and automation platform pairs with our extensive teams of code migration specialists to modify or re-architect applications as needed.

Built by Deloitte on AWS

- **Package transition and migration services**: Business process redesign, technology architecture, and engineering services to support a package upgrade and/or migration between hosting solutions (on-premise to cloud, cloud to cloud, or cloud to on-premise).
- **Custom transition and migration services**: Workload migration planning, execution, and management services to support the transition of custom solutions between hosting environments.
- **Application modernisation**: Application analysis, architecture design, and modification services to meet enterprise architecture and infrastructure goals in an application’s transition to cloud.

Offering

Deloitte value
Rewriting the rules of new retail

**IoT and analytics**

**Offering**
As a recognised global leader in business analytics and business strategy, Deloitte can help clients tap into AWS's array of big data processing, analytics, and machine learning capabilities. We help our clients implement large-scale data programmes that deliver on the promise of technology. We build analytics capabilities on top of data platforms that tie into a client's business strategy and provide insight into key questions around an organisation's performance.

**Deloitte value**
Deloitte can help you capture the power of AWS's array of big data processing and analytics tools, enabling data-driven insights to help clients solve complex business challenges.

**Built by Deloitte on AWS**

**Deloitte smart factory fabric** – It is a pre-configured suite of cloud-based Internet of Things (IoT) applications designed to accelerate smart factory transformations for companies with manufacturing operations. Powered by AWS IoT, Deloitte designed and built a suite of cloud applications and integrated services to deliver smart factory capabilities to industrial enterprises. The smart factory fabric suite helps companies improve their operational performance and reduce costs by increasing visibility, optimising production, improving quality, and minimising unplanned downtime associated with running a smart factory.

**Machine learning/artificial intelligence**

**Offering**
Deloitte's strong analytics, IoT, and cognitive computing practices combine with AWS capabilities to provide advanced automation and machine learning capabilities to clients.

**Deloitte value**
Deloitte's cognitive advantage offerings are designed to help organisations transform decision-making, work, and interactions using insights, automation, and engagement capabilities.

**Built by Deloitte on AWS**

**Horizon** – Facial and spatial recognition

**Deloitte TrueVoice** – It is a scalable, AI, voice analytics platform that enables you to listen to how your customers are thinking and feeling across every conversation. It analyses behaviour and emotions on customer calls, including tempo, amplitude, pitch, tone, and non-semantic communication. This voice interaction is then combined with additional data sources about customers to provide a complete customer journey. Embedded machine learning also helps TrueVoice improve each time, providing better, faster insights over time.

- Generate **knowledge graphs** on high volume, real-time data using Natural Language Processing.
- Apply **object detection** and tracking on a streamed video feed for personalised analytics.
- Enable identity verification through **biometrics** (facial recognition) for self-service hotel check-in.
SAP on AWS

Offering
Deloitte provides our clients guidance and support to improve business processes and unlock the full range of benefits associated with the cloud. These benefits include cost savings, security, and flexibility. We offer in-depth cloud experience and industry insights to assist organisations in executing their SAP digital transformation journey, enabled by AWS. Our capabilities span the full cloud lifecycle—from strategy and design through build, migrate, and manage—helping to drive real business outcomes from the powerful technology built into Google Cloud.

Deloitte value
Deloitte offers dedicated tools, teams, and methods that are ready-to-roll and time-tested, backed by a worldwide SAP practice of over 18,000 SAP practitioners in more than 135 countries. Deloitte has extensive experience in implementing SAP S/4HANA, the quality of which has been acknowledged by several SAP Pinnacle Awards. It is named a leader in Gartner’s 2018 Magic Quadrant for SAP Application Services worldwide.¹

Built by Deloitte on AWS
Dedicated SAP resources drive a global joint SAP on the AWS campaign “Safe Passage”.

Business value capabilities through intelligent enterprise

- Increase revenue
- Automate and speed up processes
- Implement compliance and governance
- Improve process efficiency
- Increase customer satisfaction
- Reduce manual errors
- Realize measurable cost savings
- Increase business scalability

¹ For more information about SAP Pinnacle Awards, please visit the official SAP website.
Rewriting the rules of new retail

Case studies

Case study 1
AWS for a leading manufacturer and distributor of alcoholic beverages in the US, with business segments covering wine growing, wine making, finished goods discrete manufacturing, and distribution.

Project background
• Spend leakage from large volume of purchasing carried out without purchase orders
• Manual transportation processes including financial reconciliation
• Lack of traceability for transportation delays and cost overruns
• Complex security role structure and difficulty with managing segregation of duty conflicts
• Over 1,200 integrations routed through multiple integration systems

Outcome
• Helping the client define, achieve, and sustain its transformation vision through a classic demonstration of assess, implement, and operate strategy.
• Implemented security and compliance controls.
• Defined data standards and processes to ensure structured data flowing across the different business processes
• Integrated with OTM for transportation planning, execution in SAP, and real-time financial integration
• Interfaces were consolidated into 350 unique integrations routing through a single integration platform thus enhancing transparency and ease of maintenance.

Case study 2
Cloud migration for a global retail major

Project background
• Client required migrating their Point-of-Sale applications hosted on source CSP platform to target cloud environment. As part of the migration, the application was migrated to the AWS platform using CSP native services post identification and mapping of each service or component of the target application to respective CSP service.

Approach
• Seamless workload migration from source to target environment while ensuring end-to-end CSP Native service/tools capabilities for deployment of workload
• Effective distribution of load within each tier component multi-AZ deployment scenario
• Scalability to meet the demand requests for each tier
• Continuous integration and deployment of code from source destination system via client native CICD pipeline services to seamlessly update and deploy packages within containerised applications with minimal or no downtime
Rewriting the rules of new retail

- Low latency and secure communication to hosted environment via API gateway and cloud front distribution
- Data integrity, rest and transit protection with native controls throughout the services utilised within the landscape while ensuring complete network layer isolation of prod and non-prod environment workload
- Infrastructure as a code deployment for the components utilised to run the application
- Modernise the architecture to fit in exponential growth including containerisation, microservices using message brokers for pub-sub mechanisms

Impact
- Architecture was developed on AWS to support scale of 40,000 physical stores and 250+ million orders per day with auto scaling resulting in superior customer experience, improving developer productivity and reliable infrastructure

Case study 3
Sales forecasting for a CP&R major using MS Azure

Project background
- Client was unable to utilise available data and also could not extend the algorithms developed for pilot markets to complete geographies due to data size limitations for its sales recommendation process:
  - Single node SQL Server database with a limitation of vertical and horizontal scaling
  - Platform performance
  - Accuracy of sales recommendations
  - Some of the advanced features such as Columnar storage, are not available in the current system
  - Due to performance and scalability constraints client is not able to utilise advance machine learning models for predictions across all its distributors

Approach
- Assisting the company on its journey to move to Cloud and industrialise its sales recommendation solution using the Microsoft Azure platform. The solution was designed with the following key principles in mind:
  - Enable parallel processing on multiple node-cluster architecture
  - Improve processing time-window
  - Roll-out solution to more countries without exponentially increasing the resource requirement
  - Reduce the manual intervention
  - Simplify the processing

Impact
- Assisted them in implementing the forecasting and reporting solutions completely in 31 countries
- Solutions were developed to support 3,200 distributors in 3.8 million outlets. Predictive model developed for each SKU across these outlets for their 3,500 and 5,000 SKUs
Rewriting the rules of new retail

**Anaplan for retail**

Anaplan offers a SaaS platform that enables corporates to plan in an agile, collaborative, and intelligent manner, digitally linking business strategy to operational execution and financial outcomes. It provides solutions that connect teams, systems, and insights from across the organisations to continuously adapt to change, transform how they operate, and reinvent value creation.

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**Anaplan – The foundation for digital re-invention**

- **Campaign planning**
- **Marketing budget & spend planning**
- **Merchandise planning**
- **Dynamic category and assortment planning**
- **Allocations & replenishment planning**
- **Marketing KPI and ROI analysis**
- **Right product at the right location...**
- **Sustain profitable growth**
- **...for the right customer**
- **Omnichannel business planning**
- **Outlet segmentation**
- **Innovation planning**
- **Joint wholesale business planning**
- **Promo and markdown planning**
- **Zero-based budgeting**
- **Annual operating plan**
- **Revenue planning**
- **M&A modeling and synergies tracking**
- **Workforce planning**
- **Deliver consistent results**
- **Operate with discipline**
- **Plan for long-term growth**
- **Long range planning**
- **Store level planning**
- **Opex planning**
- **Product costing**
- **Channel/brand profitability**
- **Capex planning**
- **Supply Planning**
- **Inventory Optimization**
- **Warehouse Capacity Planning**
- **Production Planning**
- **Sales & Operations Planning (S&OP)**
- **Strengthen omnichannel execution**
- **Enhance operational excellence**
- **Improve speed to market and resilience**
- **Commodity purchase price variance planning**
- **Supplier collaboration**
- **Demand planning**
- **Distribution network planning**
- **Cost to serve planning**
Anaplan connects plans across the retail lifecycle

Dimensions: **Product hierarchy** (brand, category, style, etc.), **business structure** (region, channel, store, DC, etc.), **time** (quarterly, monthly, weekly, daily, etc.)
Rewriting the rules of new retail

Agile Planning Command Centre - Technology Overview (Illustrative)

**Dynamic target calibration**

Assess the impact of product mix, store mix, and target allocations across business at a weekly granularity. Facilitate store managers to communicate demand and negotiating final demand in a dynamic manner.

- Store mix
- Product mix
- Lines of business
- Seasonality
- Weekly
- Location

**Minimise sales loss**

Assess the impact of sales on future inventory across stores, distributors, and warehouses. Minimise any impact on sales due to operational or inventory constraints.

- Location
- Product
- Distributor
- Warehouse
- Replenishments
- Inventory status

**Monitor and improve productivity, footfall, conversions**

Assess the impact of partial/full/no lockdowns on footfalls, conversions, productivity, sales across stores and product lines. Review and monitor salesforce productivity.

- Graded lockdown
- Footfalls
- Pricing
- Conversion ratios
- Store
- Product

**Optimise channel spends**

Simulating the impact of discounts and inventory management strategies on revenue, inventory holding costs and margin. Achieving the balance between inventory costs and margins.

- Discounts/promotions
- Store + Product
- Cost of inventory
- Revenue
- Margins

**Sustain partner profitability**

Simulate scenarios across rent, staff costs, utilities expense drivers enabling store level profitability, and ROI management.

- Store expenses
- Store profitability and ROI

**Best case scenario**

Illustrative

**Most likely scenario**

Illustrative

**Worst case scenario**

Illustrative

Command Center head will review the impact and plan v/s variance.
Rewriting the rules of new retail

Solution blocks

Dynamic target setting
- Top-down target disaggregation considering product mix, store mix, seasonality, etc.
- Bottom-up forecast inputs
- Statistical forecasting
- Sales incentive planning

Inventory and distribution planning
- Replenishment linked to lead time, optimal cost of replenishment, and dynamic inventory norms
- Inventory alerts (high/low) and impact on working capital

Store/omnichannel event impact planning
- Impact of events, promo events, government regulations on footfall, conversion, and sales
- Model calendar of events

Merchandise/assortment/buy planning
- Generate and incorporate a merchandise financial plan into store sales and product assortment plans.
- Translate that plan into a buy model for both product and visual merchandise.

Trade and promotion planning
- Impact of promotions on
  - Inventory
  - Store/product margins
  - Replenishment

Store financial planning
- Asses the impact of events on store profitability
- Model expense scenarios and allocate common expenses
- Assess store ROI/margin impact
- Quickly interlock with top-down targets by fine-tuning store dynamics such as openings and remodeling

Integrated financial planning – Long range, annual plan, and rolling forecasts
- Turn strategic goals into financial targets
- Understand the financial impact of strategic and operational initiatives
- Integrate planning across sales channels and functions to understand the impact on brand and organisational profitability and cash flows
Case studies

Case study 1
Anaplan platform for the supply chain for a major American designer and marketer of children’s apparel

Challenges
• The company's products had short (three to four months) lifecycle
• They had huge volume, with 250,000 SKUs, 850 million items/year, across 30,000 retailers
• No complete, holistic view of supply chain at the company
• Took too long to calculate and plan the production

Results
• Six days of inventory was removed in first buy
• Eight days of inventory was removed to date
• 10–15 percent less excess and obsolescent inventory was removed, resulting in mark-down reduction and higher margins
• Visibility into all products at one time in one view and takes less than 15 minutes to re-run the model vs. five to seven hours previously

Case study 2
Better assortment and resourcing plans for an e-commerce fashion site in emerging markets

Challenges
• A decentralised organisation wanted to pull product, HR, and finance information together in cohesive way
• Desire for centralised control blocked by multiple local requirements
• Resourcing is biggest cost driver, making enterprise-wide resource planning important

Results
• Top-line assortment plan that drives fulfillment costs
• Enterprise-wide resource planning enabling complex decision-making
• Time savings: Consolidated data cut some operations from days to seconds

Case study 3
Transforming sales and compensation planning for a sporting goods company

Challenges
• Multiple brands, products, and geographies led to inconsistent sales targets
• Target-setting spreadsheet took seven minutes to open and couldn't perform global consolidation
• Salespeople and leaders lacked visibility into targets and results, resulting in low accountability

Results
• The project led to less than one day to set half-year sales targets, down from one week
• 440 sales professionals were realigned
• Consistent, transparent reporting was done against common KPIs, using common data
• Bottom-up sales targets, set locally, were aligned with top-down expectations
Salesforce for the consumer industry

Salesforce is a customer relationship management (CRM) platform that unites marketing, sales, commerce, service, and IT teams from anywhere with Customer 360. It helps the corporates redirect employee focus on what is important - stabilising business, reopening, and getting back to delivering exceptional customer experiences. Additionally, Salesforce provides enterprise applications that are focused on customer service, marketing automation, analytics, and application development.

Customer challenges addressed by Salesforce

- The Salesforce data management platform provides in-depth insights by unifying and capturing your data to strengthen customer relationships.
- Salesforce has a smart acquisition policy to increase enhanced capabilities.
- Diversified offerings – sales, service, marketing, analytics, Einstein insights, finance, etc.
- Service cloud enabling social personas
- Customer-specific marketing journeys
- Seamlessly connected customer experience using the MuleSoft Anypoint platform
- All clicks and no code using the MuleSoft admin console
- Data unification
- Consent management
- Advanced audience segmentation
- Personalised customer engagement
- Einstein insights
- Sales cloud catering opportunity lifecycle through various sales stages – qualification, quoting, proposal, contract, closure, etc.
- CRM-connected analytics
- Complete view of data
- Augmented analytics
- Predictive insights
- Enterprise-ready analytics
Accelerator: Dealer Management System [DMS]

- In the automobile and FMCG sectors or a typical manufacturing segment, clients are bound to deal with multiple levels of distributors/dealers both globally and locally.
- Though they are often separate businesses and legal entities with their own set of business goals, their success can mirror yours.
- Dealer’s or distributor’s operational efficiency levels and customer satisfaction measures are no more their concern only.
- To succeed jointly, you need to have broader, integrated, real-time data and processes.

How can the system help?

High flexibility for dealers
In this rapidly changing market, the dealer needs to take control and view of all the operations, along with smooth interactions with the manufacturer as well as customer, having high flexibility. DMS provides that flexibility for the Dealers.

Better financial administration
The dealer gets hold of the financial transactions on a real-time basis, along with the better decision-making to manage the business, inventories, and services per the changing market needs.

Manufacturers’ end-to-end quality control
Manufacturers using the system use a simplified methodology to onboard and certify dealerships, get better visibility into dealer operations, improved inventory management, customer conversions and customer retention, along with a remote helpdesk.

Managing customer satisfaction
Customer lifecycle management and monitoring is of utmost priority for dealers and manufacturers. End-to-end servicing to the client in the managed interactive manner helps achieve client satisfaction.

System’s capabilities
- Dealer 360
- My profile
- Order placement
- Order history
- Inventory management
- Discount and schemes
- Collection
- Claims and warranty
- Transactions
- eCatalogue
- Online payment
- Help and support
Accelerator: RetailMe - Enabling digital customer and store experiences

RetailMe is created using a synergy of Salesforce platforms that will allow retail stores to stay competitive in a world of online and physical retail. Using IoT, RetailMe elevates the customer experience during their path to purchase and closes the gap between consumers’ digital behaviours and retailers’ ability to deliver at the right time and place.

Key features

Store 360
Assists in elevating in-store associate awareness and overall service level, along with improving productivity.

Shopper 360
Elevates the online and in-store shopping experience by merging digital marketing, commerce, and service.

RetailMe Salesforce cloud ecosystem

Deloitte service offerings for Salesforce

Implementation services
EVD defined hybrid agile model carried out in three phases—discovery, sprint cycle, and release, spanning definition of the Salesforce project vision through to product launch

Loan staff
Staffing projects and responding to the business objectives of clients typically ones with the GIC set up. The Staff Augmentation Pyramidal models of a Dev team led by a manager are provided as part of loan staffing

DevOps for Salesforce
Application lifecycle management solution encompassing a CI-CD pipeline built with the objectives of governance, security and, easing out the deployment process for Salesforce developers

Application Maintenance Support (AMS)
Covers the practices and disciplines of supporting Live Prod Salesforce Applications. The support team is responsible for troubleshooting, modifying, enhancing, and maintaining the product

Lightning platform migration services
Lightning is an open-source framework from Salesforce that has a host of new features. Migration typically encompasses charting a roadmap for migration with minimal disruption to business, eliminating technical debt and process re-engineering.
Case studies

**Case study 1**

All India CRM process harmonisation and implementation of the salesforce mobile sales solution to over 700 users (implementation in process) for a leading products company

**Project background**

- This programme was to deliver a CRM solution covering all India 30 branches engaged in sales for over 13 product categories

**Solution**

- Solution will be delivered in two phases.
  - Phase 1 was to develop the core solution in Salesforce and web services integration with SAP. The solution provided a 360-degree view of customers to the sales team, visibility around targets, capture orders, report issues / grievances, provide product and market feedback, track and maintain competitor information and view reports. The overall approach towards the solution was just not to provide new functionalities but also to address existing pain areas and limitations. Most importantly the solution was to be simple, self-intuitive, and easy to use. Most of the screens are expected to be responsive, making them mobile enabled.
  - Phase 2 is focused on bringing dealers / distributors on to Salesforce platform.

**Impact**

- The solution developed empowered the sales team, addressing their high pain areas and providing them new capabilities like funnel tracking, mobility, high user adoption, and real time analytics.

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**Case study 2**

Clienteling and CRM transformation

**Project background**

- Client was running a basic single CRM philosophy deployed across multiple brands, and there was a need for improving customer experience at the storefronts, especially ensuring each brand has a CRM philosophy to match their respective business needs.
- The existing systems at the client were not scalable or detailed to help the cause.
- Moreover the client was expanding their portfolio and opening up new businesses and brands on a periodic basis.
- The client also wanted guidance on the risk mitigation and cyber threats.

**Solution**

- The following are the major areas of need that were addressed:
  - Defining a CRM philosophy that can help carve our specialised process for respective brands
  - Implement the processes on a world-class CRM platform
  - Deploy a mobile Clienteling application towards upselling and client data enrichment
  - Cloud-based integrations between different CRM functions and multiple applications across organisation
  - Risk mitigation procedures during the implementation phases including GDPR and Cyber Security
Rewriting the rules of new retail

Establishing an organisation focused on employing emerging mobile, and cloud technologies across its enterprise-wide and pan India business units.

Project background
- Maintaining and developing one stop solution for dealers, distributors, and customers across India with a total user count of over 9,000 and covering sub dealers with an approximate user base of 25,000.
- Enabling the Salesforce solution to be a unified application for logging details such as E-Claims, Warranties, Order and Account Information from Web and native mobile Apps along Integration with SAP system along with managing the Distributor channel (DMS) through integration and portal.

Impact
- The establishment of DevOps is enabling client to quickly scale and provide Force.com solutions to its business stakeholders, driving adoption of agile practices while delivering business accelerated value through a right shore model. Below are some salient points
  - Enhanced Productivity: Through consistent processes & tools.
  - Improved Customer Experience: Enabling smoother interactions with UI/UX experience as a priority for a smooth customer experience across in Web and Mobile.
  - Improve Management Decision Making: More accurate and consistent data & standard metrics
  - Channel Partner Adoption: Through continuous improvement in Communities, value addition through Loyalty points given.
  - B2C: Enablement of Whatsapp for sending out various communication time on time.

Case study 3

Establishing an organisation focused on employing emerging mobile, and cloud technologies across its enterprise-wide and pan India business units.

Project background
- Maintaining and developing one stop solution for dealers, distributors, and customers across India with a total user count of over 9,000 and covering sub dealers with an approximate user base of 25,000.
- Enabling the Salesforce solution to be a unified application for logging details such as E-Claims, Warranties, Order and Account Information from Web and native mobile Apps along Integration with SAP system along with managing the Distributor channel (DMS) through integration and portal.

Impact
- A seamless CRM experience throughout the organisation and across brands.
- The overall CRM philosophy reconciliation across the organisation and process improvements
- CRM capabilities to help in identify high value customers, improve sales and streamline process
- A native app to mobilise storefront services through Clienteling
- Ensuring quick adoption of the system through an intuitive application and well-planned training strategy
- Data enablement and hygiene though cloud integrations
- Security and risk mitigation including Cyber, Separation of Duty (SOD), and General Data Protection Regulation (GDPR)
o9 Solutions

o9 is an integrated planning, analytics, and data platform transforming supply chain, revenue, and P&L decision-making at global enterprises for digital age speed and scale. The o9 platform uniquely enables companies to make fast and better decisions – by providing one single platform for commercial, forecasting, supply chain, and financial planning. All powered by real-time data, from internal and external sources.

The digital transformation of one of Canada’s largest retailers by o9 Solutions

The challenge: flow planning and localised assortments

The retail shopping experience fails without products in stock when the consumer wants to complete a purchase. The concept is simple, but the execution is not. One of Canada’s largest retailers faced this dual challenge of determining which localised assortments to stock in stores and ensuring that the flow of supply to stores matches what customers want to buy.

Exacerbating the challenge were the approximately 130 individual tools used for assortment planning. The manual and redundant workflows required to manage these disconnected, largely excel-based solutions limited the retailer's ability to optimally serve customers as an omnichannel retailer with localised apparel products. Also, the lack of enterprise analytics insights made it impossible for the company to optimise based on localised expectations and available space.

The lack of understanding and flexibility was also apparent in the flow of goods throughout the network. Daily planning processes meant to manage near-term network flow volatility were inefficient as the inability to align capacity with demand real-time, especially as orders exceeded forecasts and merchants revised their priorities, caused extensive bottlenecks. The never-ending changes wreaked havoc on intermediate planning, too, as it was difficult to understand labour and facilities constraints that impacted the physical movement of goods.

The solution: the o9 Digital Brain

Knowing that a change in the operating model was necessary, the retailer embarked on a digital transformation with o9 Solutions to address its challenges. Equipped with the o9 Digital Brain, they leveraged the patented o9 Enterprise Knowledge Graph (EKG) that enabled fully integrated E2E flow planning models, ML-based logistics forecasting, and space allocation and assortment planning. The capabilities enabled by deploying the o9 Digital Brain are extensive, including:

• Optimising available space, developing an assortment framework, enhancing assortment concepts, defining the buy quantity, creating supplier quotes, auto-creating POs, determining the timing of receipts, and optimising the size and pack configurations.

• Driving alignment between capacity and demand, smoothing flow based on revised capacity and merchant priorities and more efficiently managing the daily volume of product flowing through DCs.

The value delivered

The ability to have one single, cloud-native platform connecting assortment planning, forecasting, and fulfillment enhanced process efficiency and stakeholder collaboration across the enterprise. As a result, transportation and labour costs decreased, and product availability increased. Revenue also increased through better assortment localisation and size offerings, and gross margin increased through reduction of markdowns and pack optimisation. By implementing the o9 Digital Brain, the retailer created its own opportunity to deliver near-term business benefits and create a future-proof supply chain strategy.
Rewriting the rules of new retail
Closing remarks

COVID-19 has changed the way we operate business. It has fueled and accelerated the reimagination of work and operating models that was already in progress due to recent digital and market disruption.

How exactly retail will unfold in the future is predicated on a variety of factors, including COVID-19 vaccine deployment, further “waves”, safety restrictions, fiscal support, state and local government support, the persistence of virtual work environment, and even consumer psychology and adoption of new habits.

The focus for retailers and businesses now has to be on adopting key resilient and adaptable practices to help thrive in the new normal of “continuous change”. Consumer preferences have changed drastically over the past year and many of these are likely to endure, including their desire for flexibility, convenience, and instant “gratification”. Retailers must identify new pockets of opportunities to cater to these changing consumer needs, and both offline and online businesses are likely to converge in a collaborative and hybrid model that will be the mainstay of retail growth in India.

The reopening of physical stores is causing retailers to re-address the questions about the role of the store going forward, how to use technology to transform stores into vital components of the customer experience and customer journey, and how to leverage technology for business operations. With the normalisation of new shopping patterns and expectations such as curb side and contactless checkout, contactless payments using e-wallets and UPIs, easy pickup and return options, customisation, etc., retailers are likely to pursue cutting-edge computing and mobile capabilities to better enable store associates to meet the demands of omnichannel savvy shoppers and new business functions.

Retailers are also going to continue expanding digital investments and operating models into the store as well to drive a cohesive omnichannel strategy powered by in-store cloud-based technologies. There is a compelling need amongst retailers to define the next stage of digital differentiation, one that accounts for new retail models and encompasses the full value chain and technology operating model to drive unified vision and strategy. The journey of continuous technology innovation for retail has finally begun!
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Acknowledgements

Partners, Deloitte Touche Tohmatsu India LLP

Porus Doctor
podoctor@deloitte.com

Gaur Shukla
shuklagaurav@deloitte.com

Kaushik Dasgupta
kadasgupta@deloitte.com

Prithwijit Chaki
pchaki@deloitte.com

Rajat Wahi
rajatwahi@deloitte.com

Gautam Kapoor
gkapoor@deloitte.com

Neeraj Jain
neerajjain@deloitte.com

Vinay Prabhakar
vinayprabhakar@deloitte.com

Key contributors

Deepak Kagliwal
Ayan Mookerjee
Gauri Nayak
Sudeepa Veerapaneni
Jimit Chhapia

Rumki Majumdar
Saurabh Gupta
Vikas Patel
Ruby Pasricha
Aveksha Khanna
Rewriting the rules of new retail