Data-Driven Insight, Edge Computing, and Revamped User Experience Give Retailers a Much-Needed Makeover

Transcript of a discussion on how data-driven intelligence, edge computing, and rethinking of the user experience come together to give retailers a clear path to digital transformation.

Listen to the **podcast**. Find it on **iTunes**. Get the **mobile app**. **Download** the transcript. Sponsor: **Hewlett Packard Enterprise**.

Dana Gardner: Hello, and welcome to the next edition of the BriefingsDirect Voice of the Customer podcast series. I'm Dana Gardner, Principal Analyst at Interarbor Solutions, your host and moderator for this ongoing discussion on digital transformation success stories. Stay with us now to learn how agile businesses are fending off disruption -- in favor of innovation.

Our next vertical industry disruption solutions interview explores how intelligence, edge computing, and a rethinking of the user experience come together to give retailers a business-boosting makeover.

We'll now learn how Deloitte and Hewlett Packard Enterprise (HPE) are helping traditional retailers -- as well as hospitality organizations and restaurants -- provide a more consistent, convenient, and contiguous user experience across their businesses.

Here to help to define the new digitally enhanced retail experience is Kalyan Garimella, IoT Manager at Deloitte Consulting. Welcome.

Kalyan Garimella: Thanks for having me, Dana.

Gardner: We're also joined by Jeff Carlat, Senior Director of Technology Solutions at HPE. Welcome, Jeff.

Jeff Carlat: Great to be back. Thanks, Dana.

Gardner: Jeff, what are the top trends now driving the amazing changes in retail?

Garimella

Retail demise untrue

Carlat: First off, I want to clear the air. Retail is not dead. Everywhere I go I hear that the retailer is dead, no more brick and mortar. It's a fallacy. There is a retail apocalypse out there, but quite honestly 85 to 90 percent of purchases still go through the brick-and-mortar retailer.

The retail apocalypse does apply to brick-and-mortar stores that are failing to transform to fully embrace the digitalization expected by consumers today. We are here to do something about it.

Gardner: Kalyan, user experiences have always been important. You can go back to Selfridges in London more than one hundred years ago. People understand the importance of user experience. What's different now in the digital age?

Garimella: Unfortunately, if you think about it, going back for the past four decades, retailers have relied on brand names and the strength of the merchandise to attract more customers. They never really differentiated themselves from the experiences that they were creating versus what their competitors were creating.

Carlat

With the advent of changing customer demographics -- with Millennials, Gen Ys, Gen Xs coming into picture -- retailers now need to produce a more customized shopping experience. They need to give shoppers a reason to escape their online retail channels, to come to brick-and-mortar shops and make more purchases there. It's high time we give that to them -- and make them come back to the stores

> *Retailers need to give shoppers a reason to escape their online retail channels, to come to brick-and-mortar shops and make more purchases there.*

Gardner: There are still things in the physical world that need to remain in the physical world, right, Jeff?

Virtual-real hybrid

Carlat: Exactly right! Take me, for example. We recently bought a new house and I wanted to get a nice La-Z-Boy chair. I'm the kind of guy who's not going to just push a button on a computer or a handheld to buy a new chair. I'm going to want to go sit in it. I want to know is this right for me, and so I go to a traditional brick-and-mortar outlet.

Yes, I may do my research [online]. I may actually end up [online] doing my purchase and having it shipped directly to my home. But while I'm at the store, I want to have an experience, an immersive experience, that's going to help suggest to me, "Oh what's the perfect side table that should go with that? What's the complementary piece of art that actually matches the fabric?"

I want the capability to know what that chair will look like in my own decor, via virtually imposing that chair into my environment. That's where the world is going. Those are the demands of the new retail environment, and they will separate those that continue to thrive in the retail environment from those that suffer and decline.

Gardner: And, of course, the people in that physical environment might actually know quite a bit about the purchase that you could gain from. They have been doing this for some time. There is the interaction of a consultancy effect when you are in a sales environment.

<div style="background-color:orange; text-align:center;">

[How HPE and Deloitte](#)
Align IT
with Business Strategies

</div>

Garimella: People are always going to be a key asset no matter where we do it and in whichever industry. If we can complement the existing user knowledge that exists in the retail stores with the intelligence, or analytics and data that go along with it -- that's a powerful combo. We want to provide that.

That's why we are talking about helping brick and mortars attract more customers -- not just by increasing the customer experience and optimizing your digital store operations -- by combining data and insights, and not relying only on opinions.

Gardner: Is that what we mean by cross-channel experiences, Jeff?

Easy as 1-2-3

Carlat: We, together with Deloitte, are delivering in early 2018 the Connected Consumer for Retail offering. It's definitely a cross-channel experience. This takes the cross-channel experience and enhances it for the brick-and-mortar environment.

> *The Connected Consumer for Retail offering takes the cross-channel experience and enhances it for the brick-and-mortar environment.*

The Connected Consumer for Retail offering is based on three core principles. Principle number one is providing that enhanced customer experience, that immersive experience, which ultimately increases revenues and basket sizes for retailers.

The second principle is based on optimizing in-store operations. How do you ensure that you have the right amount of stock -- not overstocking and not understocking? How do you reduce the amount of a lost inventory? This Connected Consumer offering will help shrink and reduce the cost structures in a brick-and-mortar environment.

And finally, as Kalyan mentioned, the third key principle is around driving new insights from the in-store analytics. That data and intelligence is derived from the customers -- coming through video-location analytics and all kinds of integration into social networks. You can know so much more about the customer, and then give that customer a personalized experience that brings them back and increases brand loyalty.

Gardner: I suppose it's important to connect all of the dots across an entire shopping ecosystem process – from research to purchase to installation to service. Is that what we need?

Garimella: Absolutely, and that is what we refer to as an omni-channel experience, or a unified commerce experience. Our customers these days expect a seamless continuous shopping experience -- be it online or in a store. If you can create that consistent behavior and shopping experience, that is a powerful channel to attract even more customers.

There are many retail concepts very much in demand right now, such as online delivery or pickup at the store. Or you can order in-store and have delivery to your house. Or you can order in one store and pick up in other stores, if the inventory is not currently available in the initial store.

So whatever channel they choose, you can provide value in each of those steps back to the customer – and in doing so you are attracting loyalty, you are building the brand. And that is a powerful medium.

> **Deloitte and HPE Collaboration**
> **Spans 20 years and**
> **Myriad IT Needs**

Gardner: And the more interactions, the more data, the more feedback, the more analysis, and the better the experience. It can all tie together.

Let's talk about how the technology accomplishes that. You mentioned a new retail initiative at HPE in partnership with Deloitte. What are fundamental technology underpinnings that allow this to happen?

Solid foundations for success

Garimella: The Connected Consumer for Retail begins at the infrastructure level -- solutions around HPE Aruba, HPE Edgeline Systems portfolio, and other converged infrastructure systems. For location-based analysis, we are using the wireless LAN from Aruba and their Meridian App Platform for mobile. From a security layer, we are using Niara and ClearPass, but we are also working with a set of third-party vendors for radio-frequency identification (RFID) and for video analytics. So it amounts to an ecosystem of the right partners to solve the right business problem for each of those retailers.

Gardner: And, of course, it has to be integrated properly, and that is where Deloitte comes in. How does that come together into an actual solution?

Carlat: This is the beauty of working with a group like Deloitte. They bring together the consultative and advisory capabilities, along with the technical integration needed. Deloitte brings the ability to help the customer figure out how to get started on this journey.

First off, the methodology helps a customer think big about what they can do, then helps them actually build a business plan internally to drive change and get the right business approvals to

start changing. Then they proceed to solution execution that starts small – and builds a proof of concept.

In as little as eight weeks, we can deliver the value that can then be extrapolated across all of the retail sites. That's what projects the true savings. That is the proper scale: To think big where you can, then start small, and lastly, scale fast across all of the sites.

Gardner: Kalyan, any more to offer on the importance of proper integration at a solutions level?

Garimella: Internet of Things (IoT) is such a complex ecosystem of technologies that you need subject matter experts from each of the technologies -- such as RFID, Bluetooth beacons, Wi-Fi, analytics, artificial intelligence (AI), your core Enterprise resource planning (ERP) systems, the Customer relationship management (CRM) systems, and the list goes on.

That's where we come in, with the right people, and with the vast resources that we have. That's deep industry expertise. We come and we look at the problems, create the customer journey for our clients, and then create the right level of systems integration that can help achieve the business objective.

Gardner: Let's look at some examples. What are some of the ways that retailers are doing things right to improve on that all-important user experience?

> **How HPE and Deloitte**
> **Align IT**
> **with Business Strategies**

Carlat: As a consumer, I know what I like -- and I know what I do not like. I have seen overly aggressive advertising, pushiness that repels me as much as waiting in a long line at a retail brick-and-mortar. There needs to be a correct balance, if you will, of suggestive selling, cross-selling, and upselling. But you have to have the right learning, the right analytics, to be right more times than you are wrong. It means providing a value versus becoming a pest.

There needs to be a correct balance, if you will, of suggestive selling, cross-selling, and upselling. But you have to have the right learning, the right analytics, to be right more times than you are wrong.

This new offering allows that balance to be made. Other best practices would be providing point notifications to issue a discount that would get me as a consumer over the buying hump, to say, "You know, that is a good deal. I cannot pass this up." Then as a seller, I can naturally dovetail into increasing the basket size, cross-sell, and upsell.

Gardner: How can the brick-and-mortar company better extend itself beyond the threshold of the physical building into the lifestyle, the experience, and the needs of the consumer?

Customized consumer choices

Garimella: You are talking about bringing the retailer into the houses of the customers. That is where the successful online retailers have been. We are working with our brick-and-mortar clients to create similar experiences.

Some of the options to do that would be having a digital voice assistant included on your retailer or shopping app. You could add items to a wish list; you could look up those items and determine if they are close by and where is the retailer nearest to my house. Maybe I could go and check those out instead of waiting for a couple of days for them to be delivered.

So those are some of the experiences that we are trying to create -- not just inside the brick-and-mortar store, but outside as well.

Gardner: Jeff, tell us a bit more about the Connected Consumer for Retail. Where can we find out more information?

> **Deloitte and HPE Collaboration**
> **Spans 20 years and**
> **Myriad IT Needs**

Carlat: We are rolling out this offering in Q1 2018. It is being delivered consultatively initially through Deloitte as the lead. We are happy to come in and do demos, as well as deliver proofs of concept. We are actually happy to help build a business model and conduct workshops to understand what is the best path for retailers to begin adopting the on-ramp to this digital transformation.

The easiest way to get to us is via our websites at either HPE or at Deloitte. We have business leads in all regions, all parts of the world.

Gardner: We have talked mostly about brick-and-mortar retailers, but this applies to hospitality organizations, restaurants, and other consumer services. How should they too be thinking about the user experience and extending it to a life cycle and a lifestyle?

From pain to gain

Garimella: Wherever there's a possibility of converting a pain point in a customer journey into an engagement point, I think IoT can definitely help. We are calling this the Connected Consumer for Retail for a reason. The same concepts and the same technologies that we have developed for the retail solution can be extended to hospitality, or travel, or food services, et cetera, et cetera.

For example, based on location and proximity of a user, you can create -- using the location-based services – improved experiences that cater to individuals in hospitality and hotels by giving them the right offers at the right time, thereby increasing the basket size in their respective industries.

Gardner: It seems that across these vertical industries we are at the threshold of something that had never been possible before.

Carlat: This is the beginning of a new era for retail. What is clear to me is those retailers that choose to adopt change are going to be the winners -- and more importantly those that do not choose to change are going to be the losers.

Garimella: I think Jeff hit it right on. Retail is changing and changing fast, and other industries will follow in the same suit as well. If you do not put enough emphasis on customer engagement, while also optimizing your operations, you are at risk.

> *Retail is changing fast, and other industries will follow suit. If you do not put enough emphasis on customer engagement, while also optimizing your operations, you are at risk.*

Gardner: I'm afraid we'll have to leave it there. We have been exploring how Deloitte and Hewlett Packard Enterprise are helping traditional retailers -- as well as those in the hospitality and food service industries -- provide a more consistent, convenient and contiguous experience to end users. And we have learned how intelligence, edge computing and rethinking of that all-important user experience can come together to give retailers a potentially life-saving makeover.

So please join me in thanking our guests, Kalyan Garimella, IoT Manager at Deloitte Consulting. Thank you.

Garimella: Thank you.

Gardner: And we also have been here with Jeff Carlat, Senior Director of Technology Solutions at HPE. Thanks, Jeff.

Carlat: Thanks a lot.

Gardner: And a big thank you to our audience as well for joining us for this BriefingsDirect Voice of the Customer digital transformation success story. I'm Dana Gardner, Principal Analyst at Interarbor Solutions, your host for this ongoing series of Hewlett Packard Enterprise-sponsored interviews.

Thanks again for listening. Please pass this content along to your IT community, and do come back next time.

Listen to the **podcast**. Find it on **iTunes**. Get the **mobile app**. **Download** the transcript. Sponsor: **Hewlett Packard Enterprise**.

You may also be interested in:

- As enterprises face mounting hybrid IT complexity, new management solutions beckon
- How mounting complexity, multi-cloud sprawl, and need for maturity hinder hybrid IT's ability to grow and thrive
- Get ready for the Post-Cloud World
- Inside story on HPC's AI role in Bridges 'strategic reasoning' research at CMU
- Philips teams with HPE on ecosystem approach to improve healthcare informatics-driven outcome
- Inside story: How Ormuco abstracts the concepts of private and public cloud across the globe
- How Nokia refactors the video delivery business with new time-managed IT financing models
- IoT capabilities open new doors for Miami telecoms platform provider Identidad IoT
- Inside story on developing the ultimate SDN-enabled hybrid cloud object storage environment
- How IoT and OT collaborate to usher in the data-driven factory of the future