Technology has also been instrumental in decreasing traditional retail barriers to entry, unleashing a rush of new competitors leading to increased volatility of share and a market where fragmentation is the new competitive environment. As these forces continue to put pressure, we think it is a good time for deep industry-wide introspection on what it takes to thrive in these uncertain times.

As we look across the industry, some key themes have begun to emerge on how the industry must respond. An innovative, forward-thinking strategy that is hyper-focused on the customer could mean the difference between winning and losing in today’s evolving retail landscape. This report provides a retail-specific perspective on Deloitte’s 2017 Technology Trends report. Over the next 18 to 24 months, each of these eight trends has the potential to disrupt the way retailers think about operating in the future. As with each edition of our annual Tech Trends report, this is part of an ongoing discussion in an ever-evolving field. Our goal is to provide you pointers to better engage with clients, making better decisions, and do more with less. We hope these ideas will help inform and guide your thinking as you explore opportunities to innovate and improve.
IT unbounded

Breaking free of all IT boundaries: Shifting IT’s focus to driving innovation and business strategy allows for decision-making that is largely curated by consumer demands. Today, retail leaders have been forced to create a convergence between digital experience and brick-and-mortar store to capture customer attention, leading them to invest in technology such as cloud, digital, and advanced commerce that allows for faster, more agile delivery of business solutions.

Trends in action

IT bold play: As new technology, operating model, and business opportunities emerge, retailers are altering IT with the business more swiftly than it is no longer managed behind the curtain, but in open, transparent, and better aligned to business needs of rapidly responding to consumer expectations. IT now supports profit centers as opposed to being considered an infrastructure and cost.

Dark analytics

The changing retail landscape has drastically transformed expectations around customer centrality from being desirable to becoming table stakes. Vast amounts of structured and unstructured “dark” data from untapped sources coupled with recent technological advances, such as natural language processing and machine learning, are enabling retailers to gain more nuanced understanding of customer behavior by addressing questions around “why they purchase” instead of just “what they purchase.”

Trends in action

Customer-360 view: Today, retailers have access to limited amounts of consumer data, yet with new approaches to data and technology, retailers can automate processes and stringent repetitive tasks allowing them to focus on what’s important to customers: Machine learning is more than a trend. It will help differentiate retailers looking to provide a unique experience and interaction with the consumer, both in-store and at home.

Machine intelligence

With the adoption of machine intelligence and deep learning technologies, retailers can automate the routine, predictable, and repetitive tasks allowing them to focus on what’s important to customers: Machine learning is more than a trend. It will help differentiate retailers looking to provide a unique experience and interaction with the consumer, both in-store and at home.

Getting started

• Earn business leaders’ trust: Consider an embedded analytics team that is in place within functions focused on business decision-making.
• Decouple from IT’s traditional focus: Retail IT’s success in being seen as the functions ability to support business objectives and the enabling tile.
• Establish an innovation council: Break down operational silos and establish an integrated team focused on business innovation.

Getting started

• Ask the right questions: That leverage relevant data sources and analytics, access to proprietary and internal data.
• Look outside: Help stakeholders determine data that may come from other organizations in the form of data sources, talent, and even services ("Everything-as-a-service").
• Explore advanced trends: Make it easier for everyone in the organization to get critical insights and answers with a flexible user interface.

Getting started

• Bounded and purposeful: Focus on action-oriented outcomes. Let the scope of the problem statement inform the approach and not the other way around.
• Execute on opportunities: Shifting revenue models through the capabilities of machine learning makes this capability better known and more tangible throughout an organization.
• Assess internal talent: Create a plan to strengthen capabilities and build on early successes.

Trends in action

Conversation Commerce: Retailers are working with the combined power of machine intelligence, image recognition, and natural language processing (NLP) to reach and engage consumers in their shopping journey. The image-consumer loop—an Amazon Echo Look and Style guide uses all of the above capabilities to apply data science on large amounts of dark data to truly personalize products and services for each customer.

Mixed reality

Convergence of the real and virtual worlds will change customer experience and journey. Retailers are expected to deliver products on the shelves and enhance inventory on the shelf and will have new ways of curating the customer’s experience and showing products. Combined with machine learning and artificial intelligence, this tech buzz allows an even greater desire to target customers with hyper-contextual, socially and personally relevant recommended products. Mixed reality exposed through social networks and cross industries can automate transactions and highly personalized experiences could change the dynamics of in-store transactions.

Getting started

• Embrace: Aside from the sci-fi movie imagery, these technologies are already used in the retail landscape, with the attention of shoppers with immersive entertainment content. Start by getting your innovation team to experiment with AR/VR headsets.
• Reimagining: Begin with ambitious stories and pilot, but beyond yesterday’s sales: and nudge how work can be done.

Getting started

• Focus brainstorming and enablers.
• Envision ways of implementing enablers.
• Focus brainstorming and enablers.
• Establish the right outcomes rather than the traditional delivery of business requirements.

Inevitable architecture

Retailers are replacing their legacy technology with a more nimble, cloud-first mentality, often preferring more loosely coupled platforms to heavy systems. As architectural modernization is helping lower the barriers to entry for new retailers, the mandate for traditional organizations to accelerate change is more important than ever. It’s not only going to help retailers spend up their ability to respond to consumer demands, but also help lower technical costs and associated human capital expense.

Getting started

• CIO, head CISO: Align the long-term IT strategy to the business. Understand critical capabilities and gaps to chart a gradual migration to technology architectures.
• Establish your own principles: Establish principles and patterns that will guide your project. Ensure architectures function to business outcomes.

Trends in action

Modernizing legacy: While antiquated legacy systems are still in play, retail brands are embracing open-source platforms, loosely coupled architectures and faster delivery methodologies to help IT develop and launch products more quickly.

Everywhere-as-a-service

EVERYTHING is a service in a throwaway-economy. Retailers need to be able to quickly evolve and adjust demand driven by consumer expectations. With as-a-service capabilities, retailers are already adapting more agile ways to approach platform transformation. The key here is to break down silos, leverage technology more effectively, and directly align business and technology services to be flexible, making it possible to support evolving business models of the future.

Trends in action

Retail-as-a-service: Companies are taking internal processes using digital operations and extending them to customers for a pay-per-use business model. Monetizing commodity used business services by making them available, for a fee, for customers, competitors, or other third parties to use.

Blockchain: Trust economy

Blockchain enabled digital wallets give retailers direct access to a consumer’s information, allowing them to capture back lost margins. A new culture inspiring innovation with data and technology services is being developed and driving IT as a service. As blockchain continues to evolve, it will require that your technology is anchored to consumer demand and consumer expectations. With as-a-service capabilities, retailers are already adapting more agile ways to approach platform transformation. The key here is to break down silos, leverage technology more effectively, and directly align business and technology services to be flexible, making it possible to support evolving business models of the future.

Getting started

• Shave your foundation: The transformation in to an auft’s business model will require that your technology is anchored to consumer demand and consumer expectations.

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Exponential watch list

Four exponential forces propelled by significant investments in research—nano-engineered materials, energy storage, synthetic biology, and quantum computing—may change the way that retailers operate in the future. As new technologies emerge, these forces will transform the way retailers view their channels, customers and products.

Getting started

• Stepwise approach: Exponential adoption is a journey that starts with a purposeful step—research, exploration, experimentation and implementation.
• Commit financial resources: Do not leave a technology or ecosystem uninvested. Commit funds to ensure success.
• Foster “fail fast” environment: Build a data culture inspiring创新 with flexi-ble testing of new business models and enable.

Trends in action

Smart apparel: The generation of wearable devices continues to be deployed to a band or a watch. Outfits with nano-engineered materials, energy storage, synthetic biology, and quantum computing—may change the way that retailers operate in the future. As new technologies emerge, these forces will transform the way retailers view their channels, customers and products.

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