The 3 stages of transformation:

The plan retailers need to go fully digital
Introduction

We’ve entered an unprecedented time—one which will permanently change consumer behavior and shape a new path forward for retailers. While the evolution toward omnichannel customer experience is nothing new for most commerce companies, this year’s sudden forced shift in consumer spending behavior has necessitated an accelerated timeline in order to not just compete, but to succeed.

The extended closure of many brick and mortar retailers caused a surge in online traffic for some companies, stretching them to the brinks of their technological capabilities. Other commerce organizations experienced a precipitous decline in their sales, making each potential customer interaction even more valuable.

A Profitero and Kantar survey of 200 consumer product brand executives revealed that 71% feel their organizations are “merely keeping pace or catching up” in ecommerce.1 More so, the same study found that only 11% of these brands have functional ecommerce goals, while 40% shared they lack even the most basic ecommerce goals.1 It’s no question that in challenging times, this is a dangerous position for a business to be in.

Becoming more agile in digital transformation is something that may ultimately separate the organizations that thrive and grow in this environment from those that decline. We’ve broken down three key stages in transitioning to an omnichannel retail experience, along with the technical questions and insights your team should be examining each step of the way.

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1 Forbes, How Brands Can Address The Hyperdrive Impact Of COVID-19 On E-Commerce
Phase one - zero to four months

Global pandemics aside, there’s no question that ecommerce has become a dominant channel for consumer spending. In 2019, consumers spent more than $600B with U.S. retailers in online sales, representing 16% of total retail sales for the year.² Many retailers have acknowledged this shift and may have already made the decision to tackle a digital transformation in the upcoming years, but due to the abrupt closure of many physical store locations, an accelerated transition becomes imperative. The impact of the global economic disruption is not felt by small businesses alone—a large portion of major big box retailers, who often rely more heavily on in-store traffic, have shared in the pain of interrupted revenue. Not having a robust digital presence only compounds these immediate pains by creating a disjointed shopper experience.

Questions to ask

- Do you have buy-in from all major stakeholders that will be involved with this process?
- Have you clearly defined your benchmarks as your organization progresses?
- Have you properly allocated resources, budget, and headcount for the duration of this transformation?

Action plan

In the first phase of your organization’s digital transformation, it’s critical to set a strong foundation based on research and data insights. While there may be very little “technical” movement during this part of the process, the information your team learns during this time will be instrumental in guiding and shaping your strategy moving forward. Start by closely examining your customers’ journey—from the first time they are exposed to your brand all the way through to when they receive their order. Map out every touchpoint along the way; potential ads on social media, their experience navigating your website, even emails detailing tracking shipment of their order or asking for a review. At this point, it’s important to include key stakeholders from across your organization that have any involvement with your customer experience, including marketing, product, sales, and customer service. Collect quantitative analytics data such as page visits, abandon rates, app downloads, virtual check-ins, as well as qualitative data from customers themselves.
to build a complete, robust picture of your overall customer experience. From here, you should be able to see areas of improvement on which you can begin to build your digital transformation strategy.

During this phase you’ll also want to take a close look at your organizational culture and whether it can support a shift toward a digital transformation strategy. A healthy culture that will support this change is one that is built on trust, quality data-based decision-making, and the ability to quickly pivot and adjust to problems or failures in strategy. If an organization doesn’t have a culture like this in place, moving in that direction will be a significant part of this phase of your transformation. If a culture evolution is needed, start by clearly identifying the purpose of your change, as well as defining what a successful outcome looks like. Then model this change in action and behavior, which will inherently shift mindset. Once this mindset becomes routine, your team should find things like documentation, processes, and products will naturally align.

**Phase two - five to twelve months**

While any holiday shopping season is a critical time for retailers, the upcoming 2020 season brings with it the added unknowns and complexities that come with an uncertain global landscape. Between Black Friday and Cyber Monday in 2019, omnichannel shoppers spent on average $82 more than online-only shoppers, and an average of $49 more than consumers that shopped exclusively in-store.³ Last year, 174 million U.S. shoppers spent an average of $335.47 each, just in that five day period.³ Even with some retailers expecting holiday sales to be off by up to 40 percent⁴, there’s still a lot at stake for commerce companies. This year, more than ever, it will be vital for ecommerce retailers to present a secure, personalized, and performant experience to what portends to be a crush of online shoppers. It’ll be imperative to connect online to in-store, and utilize SEO and social advertising to attract and convert shoppers like never before.

³ National Retail Federation, Consumers and Retailers Win Big Over Thanksgiving Holiday
⁴ The New York Times, ’Pretty Catastrophic’ Month for Retailers, and Now a Race to Survive
Questions to ask

- Have you successfully developed a culture that truly embraces new ways of thinking?
- Can you create a cross-functional task force to lead new ideas and outcomes?
- Do you have the ability to view and act on data in real-time?

Action plan

This next phase of your company’s digital transformation is probably the most important—and possibly the most complicated. The overarching goal of this phase is to learn as much as possible through small, iterative experiments. As a part of evolving a culture that supports trust, transparency, and data-based decisions, in this phase, act on those principles by creating a task force of cross-functional stakeholders to focus on addressing the gaps found in the data review from phase one. This group of people will lead the formation of new ideas through conducting small, thoughtful experiments that focus on demonstrating customer impact. Having a small team in charge will avoid overlap in initiatives across departments and will ultimately accelerate the velocity of your transformation. It’s also important to be open to failure in these experiments—this is often where the most valuable lessons are found. When leadership models behavior that shows an openness for experimentation and change, teams will respond with an eagerness to embrace innovative new ways of thinking and doing.

As you start to collect the growing amounts of data from your experiments, make sure to have solutions in place that will allow you to bring together disparate sources of information and present them in a unified view. Business intelligence tools offer a way to collect this data from sources such as social, CRM, and sales, then segment it in different models that allow you to gain the most visibility into valuable insights about your business and your customers. The ability to see these insights in real-time is particularly rich, but can often be challenging if the culture of the organization still embraces a top-down approach to control and decision making. Allowing your task force team to not only own the experiments of this phase, but also the reporting and decision-making processes, will yield the greatest forward momentum in your journey to digital transformation.
Phase three - 13 to 18 months

Without the luxury of a crystal ball, it’s unclear which of the many paths the future of retail will take. It is, however, safe to assume that as a new normal establishes itself, consumers will likely be wary of immediately returning to old shopping patterns. Even prior to the pandemic, consumers were increasingly utilizing the option to buy online, pick-up in-store (BOPIS), with 67% reporting they had used BOPIS functionality in the previous six months. Retailers that will thrive in this new environment will be the ones that deliver an omnichannel experience that puts customers first. From safety and cleanliness to availability and agility, consumers will only get more selective in where and how they spend their money. New store layouts with more room for social distancing may shrink shelf space for products, driving shoppers online for wider selections. Consumers will insist on the flexibility to have orders shipped or available to pick up in-store, along with the agility of the retailer to fulfill that order as desired. While 93% of retailers already focus on inventory accuracy when utilizing a BOPIS program, the heightened importance of providing a safe and connected customer experience moving forward makes it even more important to have visibility into not just your global inventory, but also more granularly at the store level.

Questions to ask

- Has your task force clearly identified the right strategies to accelerate?
- Do these strategies have buy-in across the organization?
- Is your organization ready and willing to invest in the right technology?

Action plan

At this point in your transformation, your team should already have a solid idea of what’s working and what isn’t. As your task force optimizes experiments, it’ll be quicker and easier to find the wins to incorporate into your omnichannel business plan. Any additions or updates to the customer experience should be “dog fooded” prior to a wide external release—let internal stakeholders test functionality for a period of time first to uncover any hidden hiccups that would otherwise prove detrimental to customers.

It’s also a good time to explore if machine learning or artificial intelligence (AI) solutions

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5 Radial, NAPCO Research, BOPIS and the Future of Order Fulfillment
would make sense for your organization; they often provide insights that can better connect your online and offline experiences. They may also present opportunities for cost savings through inventory management and supply chain optimization, as well as to generate additional revenue from improved product placement and merchandising. Having technology that provides complete visibility into inventory and supply chain will be particularly important when developing or reinforcing a robust BOPIS function.

The future of ecommerce begins today

While the breadth and impact of a pandemic is definitely a new experience for our global economy, the good news is that these kinds of disruptions are always cyclical, and business will come back. And with the right plan in place, your organization can become stronger than ever.

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