SAP eXperience Day
Un consumatore per amico

Desideri del consumatore e risposta dell'industria

Andrea Sangalli

Research Director, Retail Insights
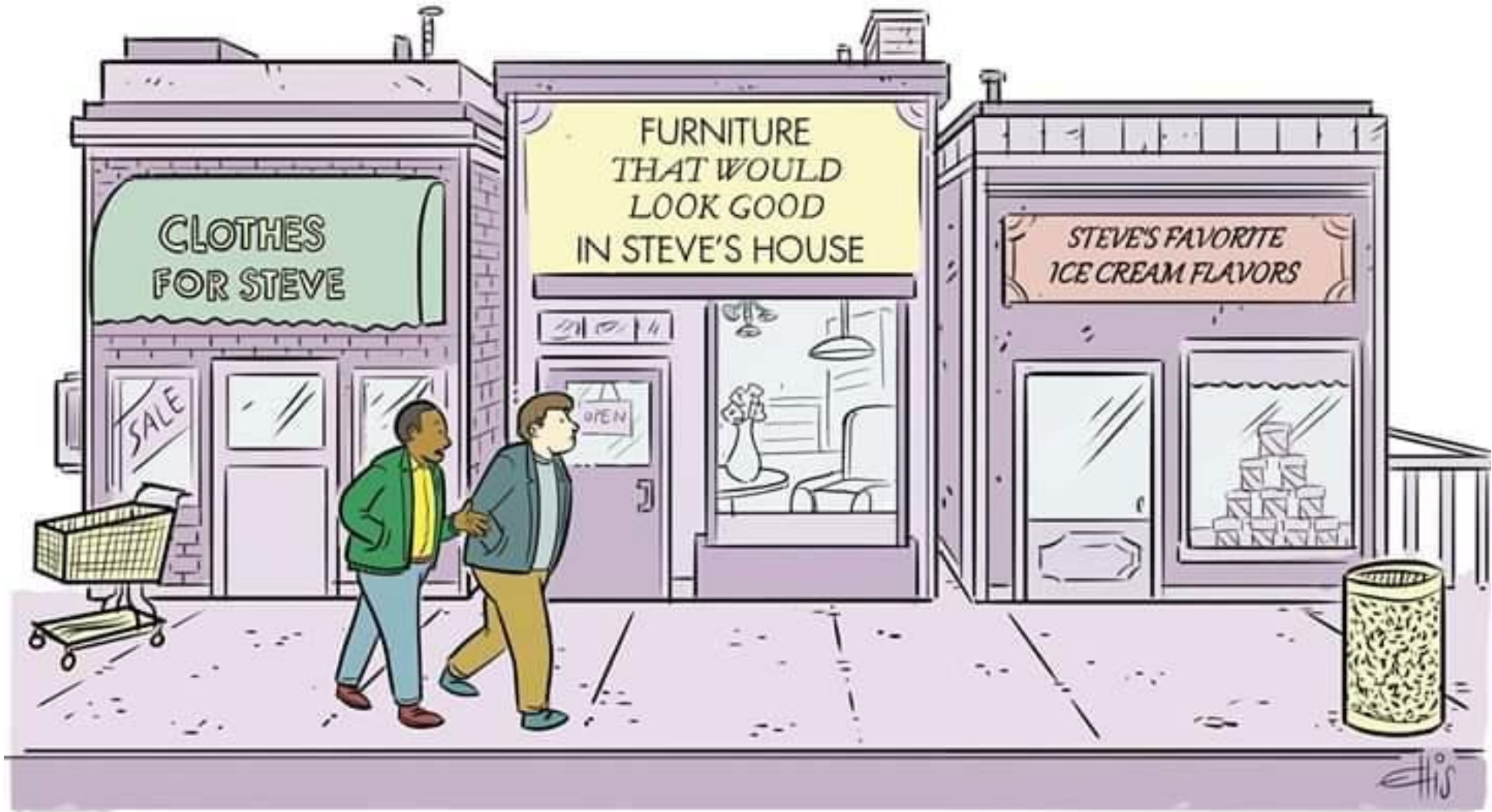& European CX Practice

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THE BEST RUN SAP

Desideri del consumatore e risposta dell'industria

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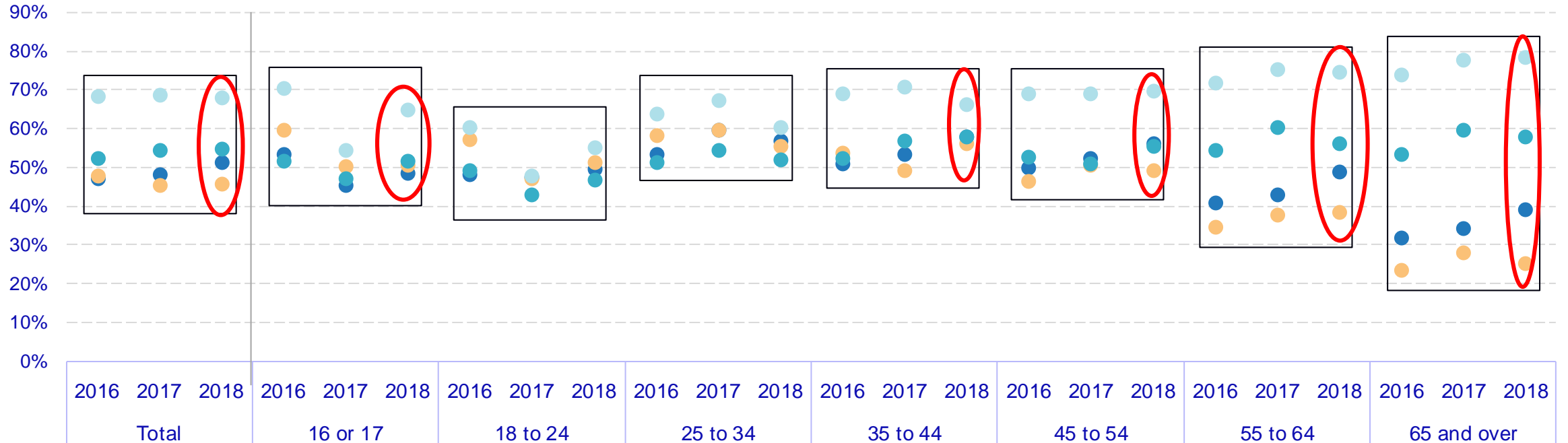Research Director, IDC Retail Insights & European CX Practice

10 Settembre 2019

"Maybe you should disable your cookies, Steve."

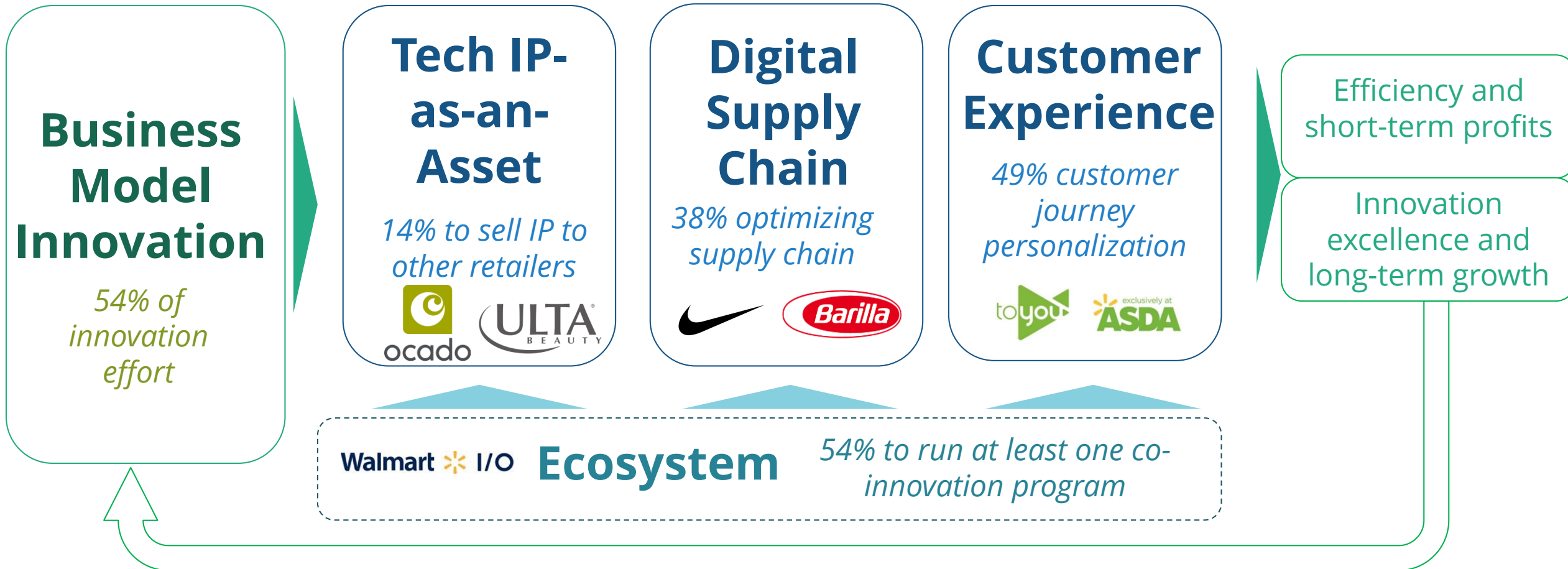# 70% of consumers on average believe companies are collecting too much data about them online

Consumer Sentiment Towards Personalization (Somewhat/Strongly Agree)

Legend:
- Online ads can be useful when they are tailored to my personal taste
- I like how some websites and apps are sometimes personalized to fit me
- Some emails, websites and apps are too personalized, I find them creepy
- Companies collect too much personal data about me online

Categories: Total, 16 or 17, 18 to 24, 25 to 34, 35 to 44, 45 to 54, 55 to 64, 65 and over — each showing 2016, 2017, 2018

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3

C-levels' priority domains for next five years

The **Commerce Everywhere** Value Chain

Business Model Innovation

54% of innovation effort

Tech IP-as-an-Asset

14% to sell IP to other retailers

ocado   ULTA BEAUTY

Digital Supply Chain

38% optimizing supply chain

Nike   Barilla

Customer Experience

49% customer journey personalization

toyou   exclusively at ASDA

Efficiency and short-term profits

Innovation excellence and long-term growth

Walmart I/O **Ecosystem**   *54% to run at least one co-innovation program*

Nike and Foot Locker to collaborate on data insights to deliver CX personalization
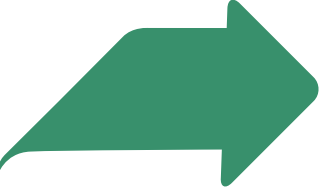
> *What we're trying to do is **create a new model**, and admittedly a hybrid model that's never been done before.*
>
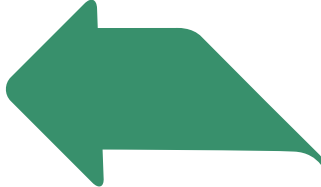> Frank Bracken, vice president of Foot Locker, Kids Foot Locker and Lady Foot Locker

Nike+ App

Foot Locker Washington Heights Store

Buy Nike Products

Reserve to try in-store

Exclusive in-store deals and contests

A new value chain for new business as usual

Digital assets as monetization platforms

Human-AI augmented CX

Store as services hub

Commerce Everywhere Business Models

Connected stream of life

Visual and voice search

Loyalty beyond rewards
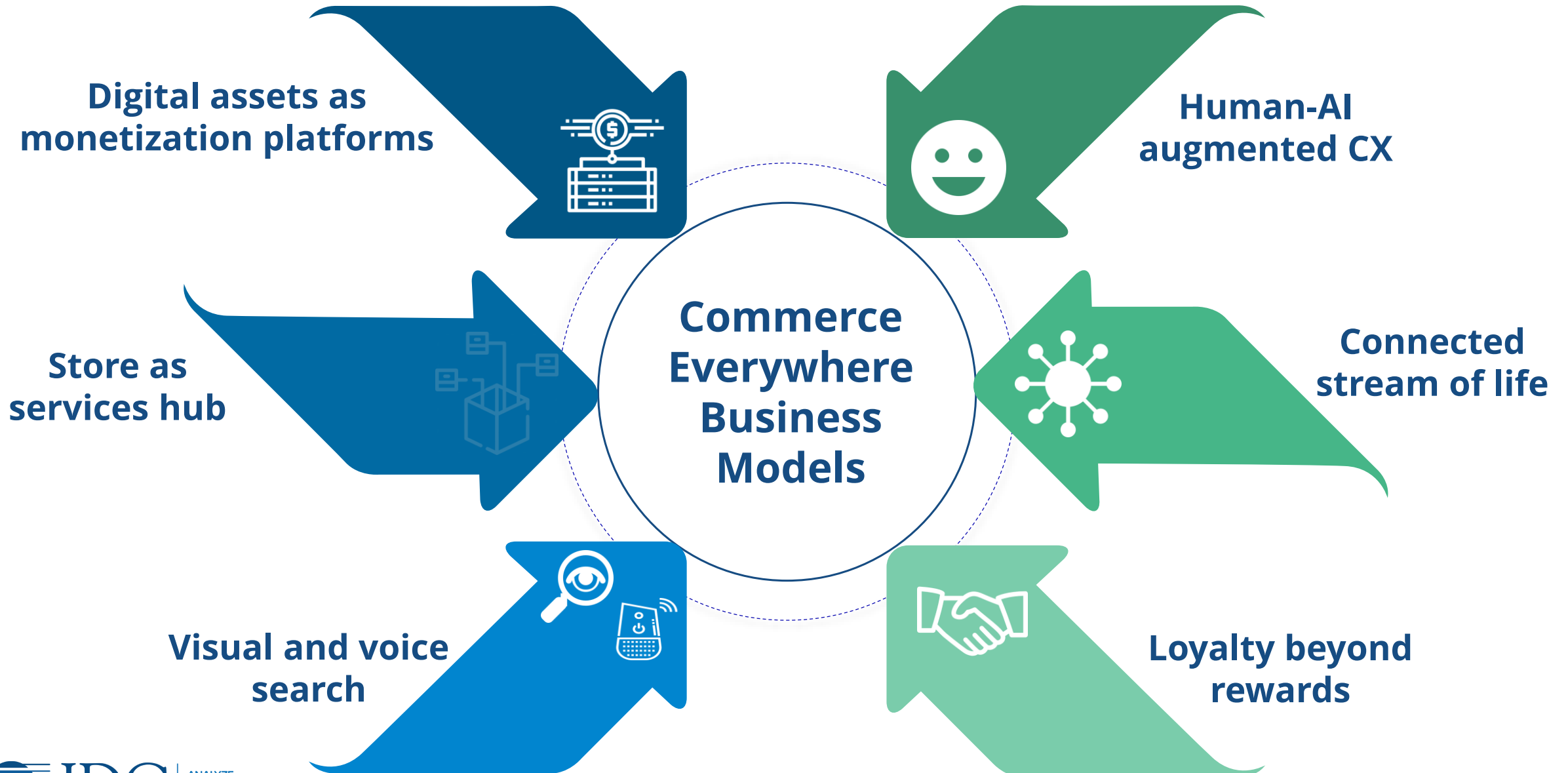
Addressing costs structure unlocks profits for innovating CX and ecosystem relationships

1 Partner Network

2 Customer Experience

3 Costs Structure

How will your company innovate its business model over the next three years?

38% Optimizing supply chain

37% Reduce cost of IT ownership

7
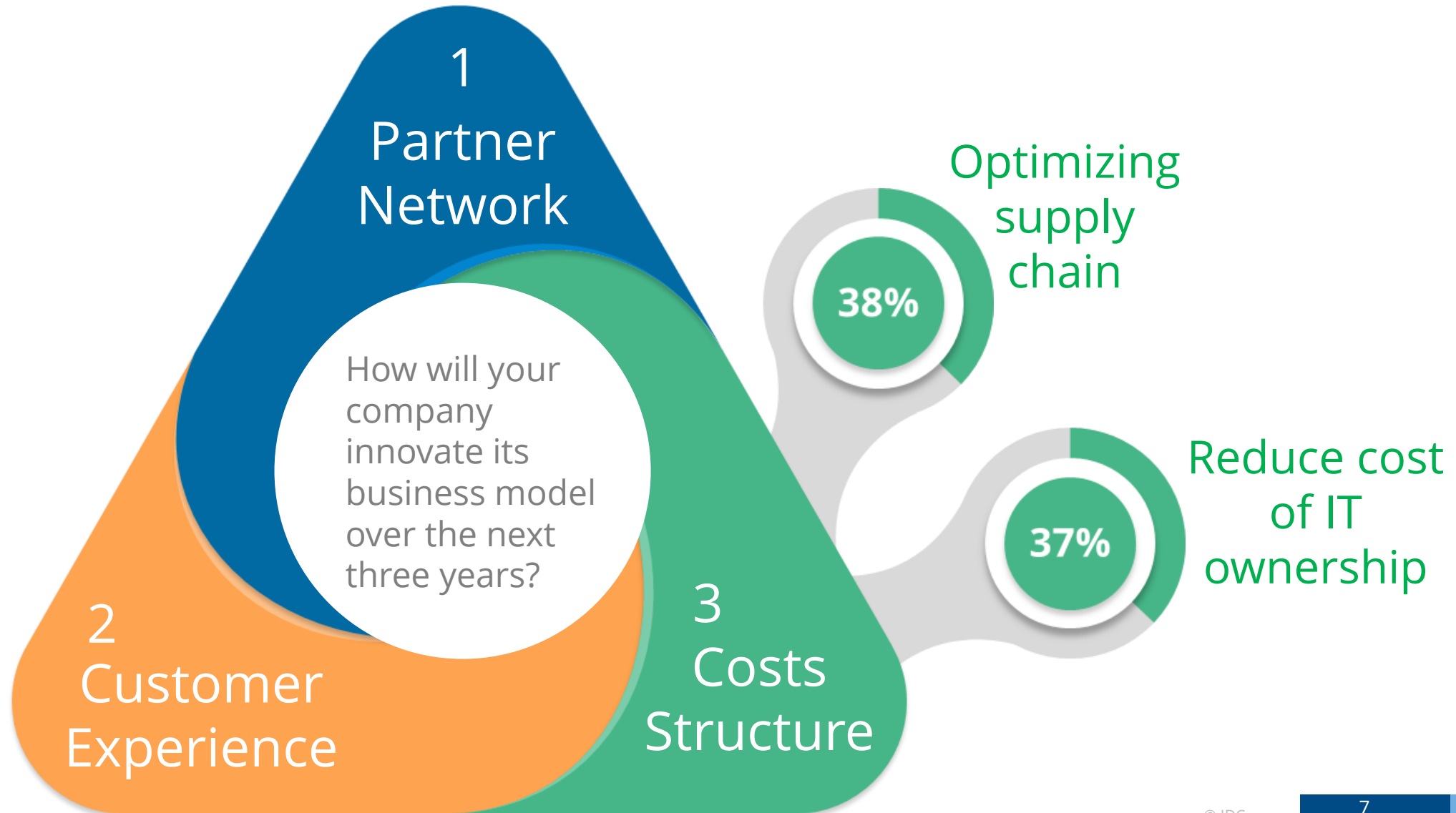
By next 12 months, more than half of consumer companies will have launched a co-innovation program

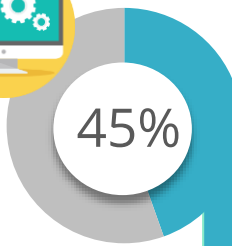Currently running at least one co-innovation program

MSC CROCIERE

USA
15%

9%

46%
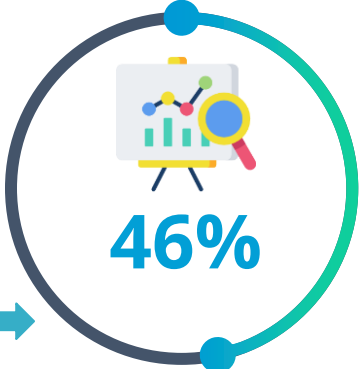
Will launch at least one co-innovation program in next 12 months

ECOMMERCE
51%

API

45%

Extremely important to leverage open-APIs-based integration and development services

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Execute innovation through a B2B2C digital platform

ENTERPRISE Services

CUSTOMER Services

Industry Applications

ERP

E2E Security

Customer Journey Services

Commerce Services

AI/ML Analytics

Order Fulfillment Services

Content Optimization Services

Development & Integration Services (API)
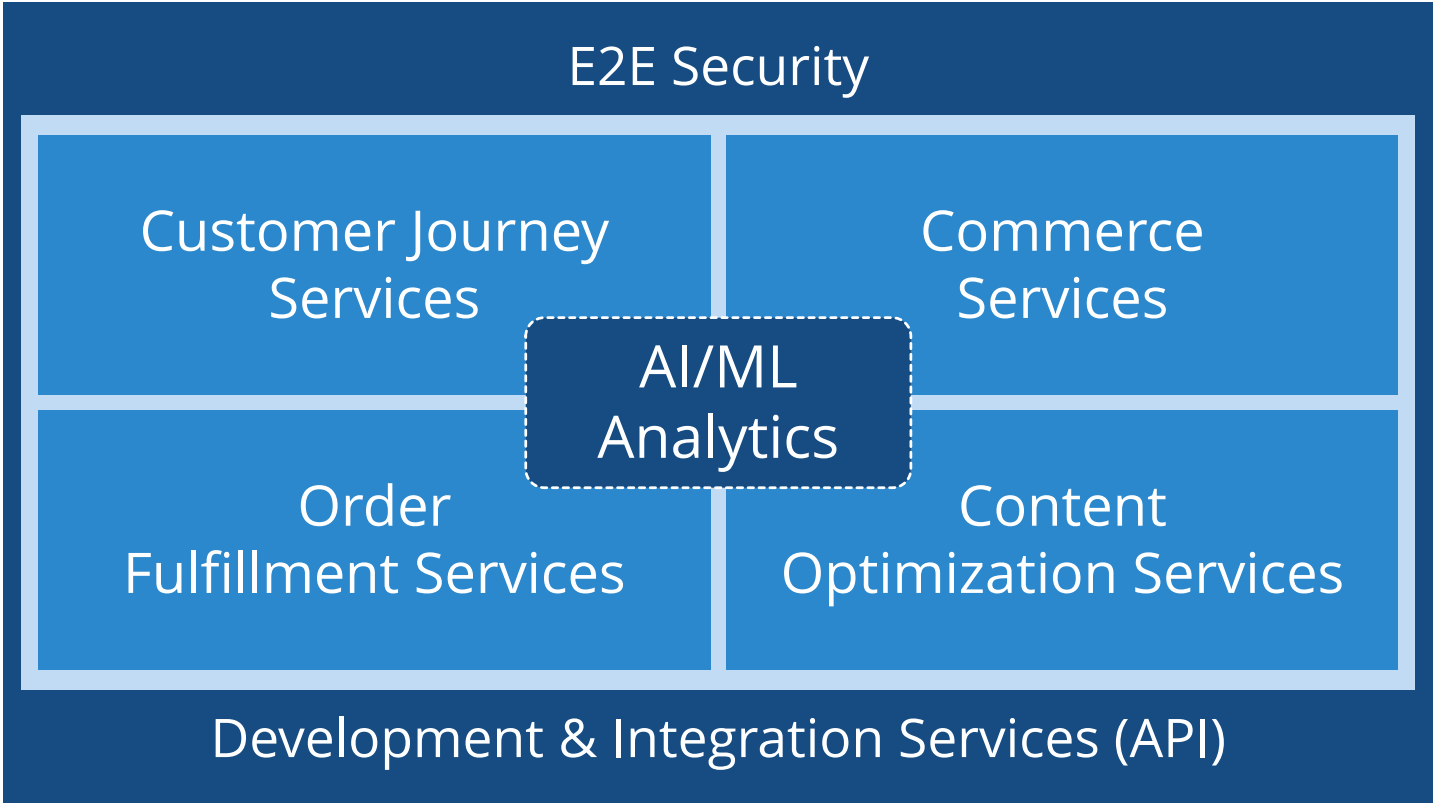
DATA Services

Store/Branch

Mobile

Web

Connected Product

Robot

Social

Marketplace

Ecosystem Network

Product & Customer | IoT | External

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2 to 1 year competitive advantage, or be a laggard

■ 2018 ■ 2019

EUROPE
48%

42%

32%

46%

38%

18%
CONSUMER
ELECTRONICS

16%

12%

ZARA

4%   5%

2%   3%

Already implemented   Implementing   Next 12 months   Next 24 months   No plans

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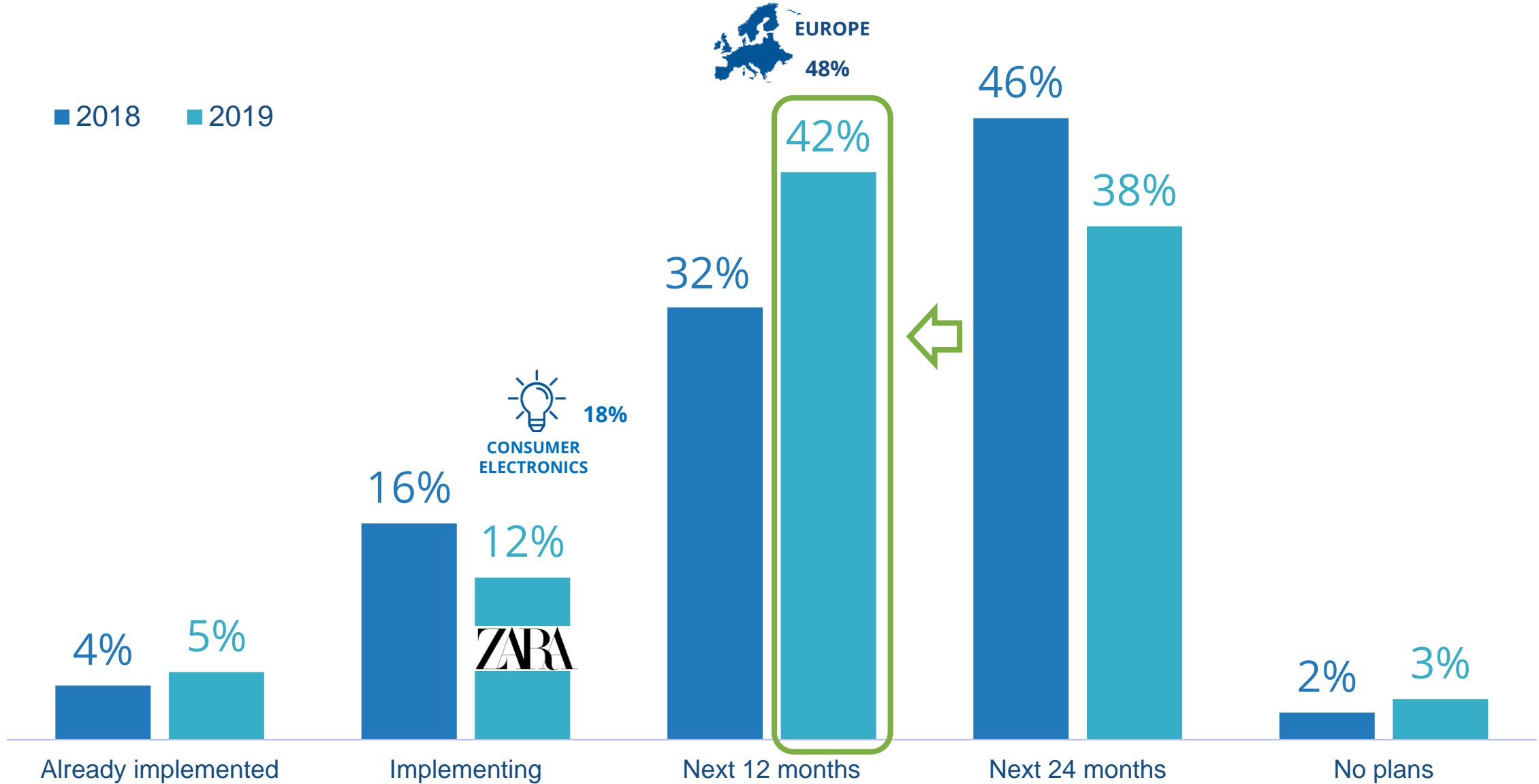
Two thirds of consumer companies are shifting to AI foundations

ASIA PACIFIC 36%

FASHION & LUXURY 34%

5% — Low Priority

32% — Evaluating AI foundations

30% — Starting to implement AI foundations

28% — Have already implemented AI foundations

5% — All activities are automated and data-driven

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11
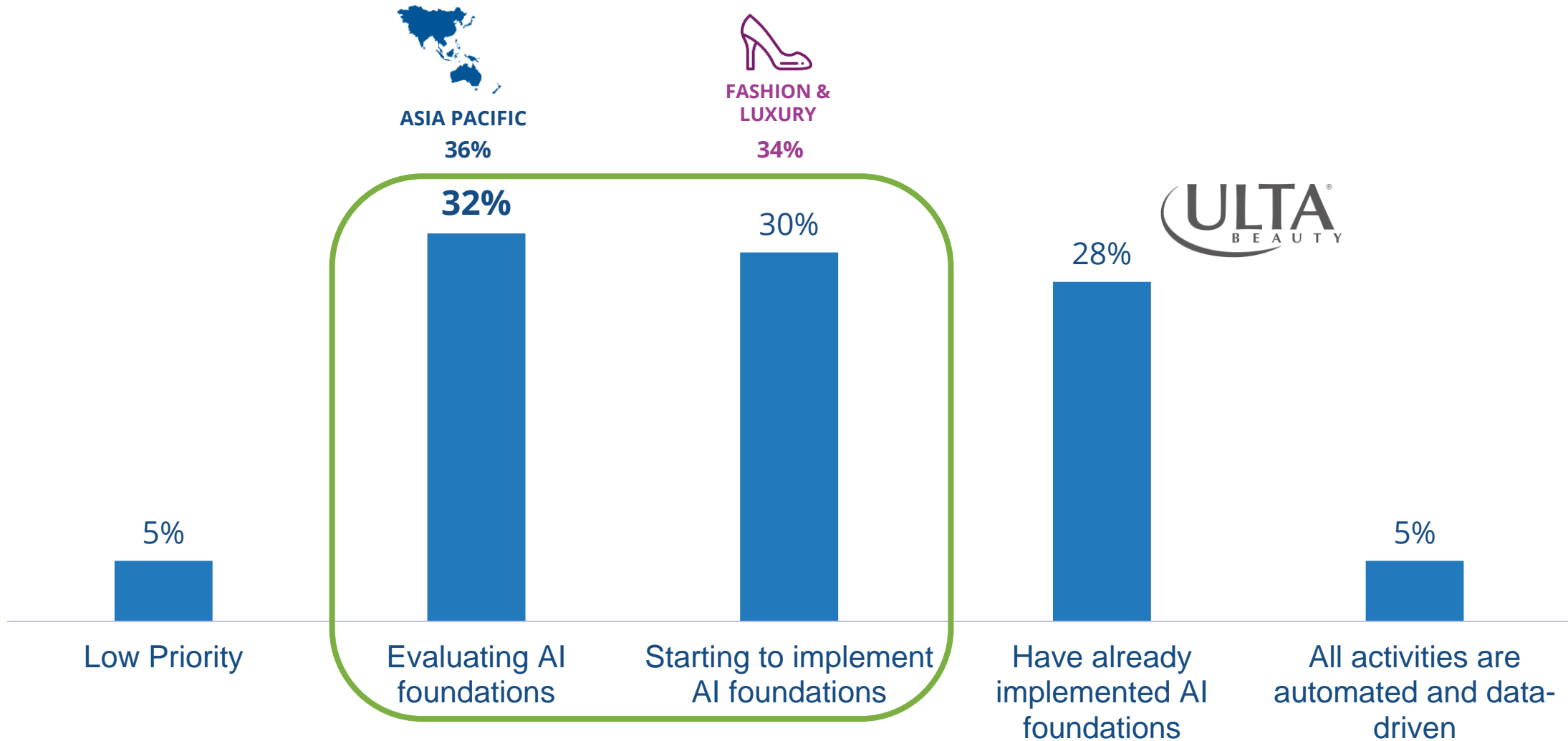
The 3Cs to Delivering Empathy at Scale
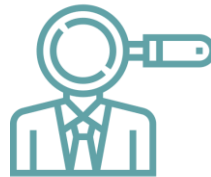
CONSENT

39%

Consolidate customer data

43%

EMPATHY AT SCALE

CONVERSATIONS

34%

Will generate revenue through visual commerce in the long-term

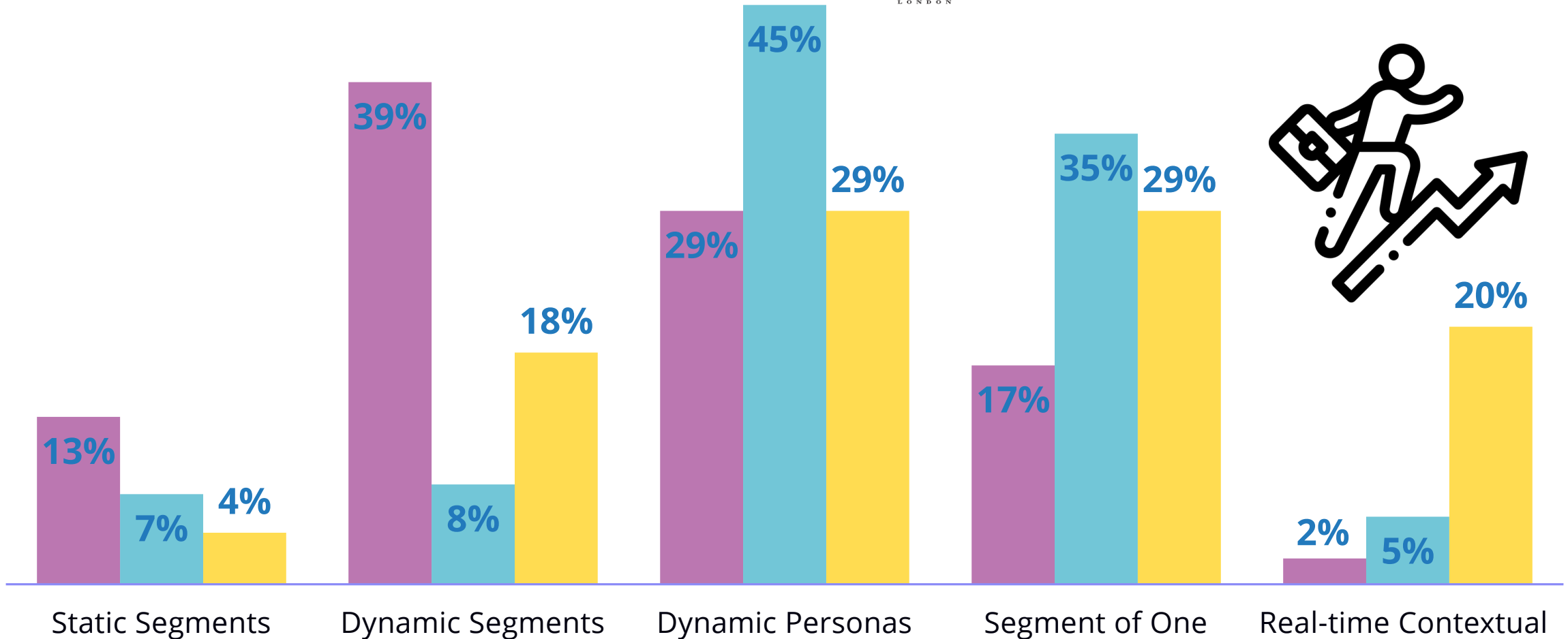**34%**

Execute through contextual interaction

CUSTOMER JOURNEYS

Going beyond "segment of one" through real-time contextual experiences

2017 ■ 2018 ■ 2019

	Static Segments	Dynamic Segments	Dynamic Personas	Segment of One	Real-time Contextual
2017	13%	39%	29%	17%	2%
2018	7%	8%	45%	35%	5%
2019	4%	18%	29%	29%	20%

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13

Loyalty, Consent, and new KPIs are the top challenges for delivering CX

amazon Prime

34%
Identifying **new loyalty** strategies

30%
Selecting **useful data** and integrating data silos

24%
Measuring CX impact with **new KPIs**

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Innovating business models through the partner network relies on digital platforms and data integration

Engaging in platform-based dynamic ecosystems

26%

Integrating customer data across industries

24%

1
Partner Network

How will your company innovate its business model over the next three years?

2
Customer Experience

3
Costs Structure

15
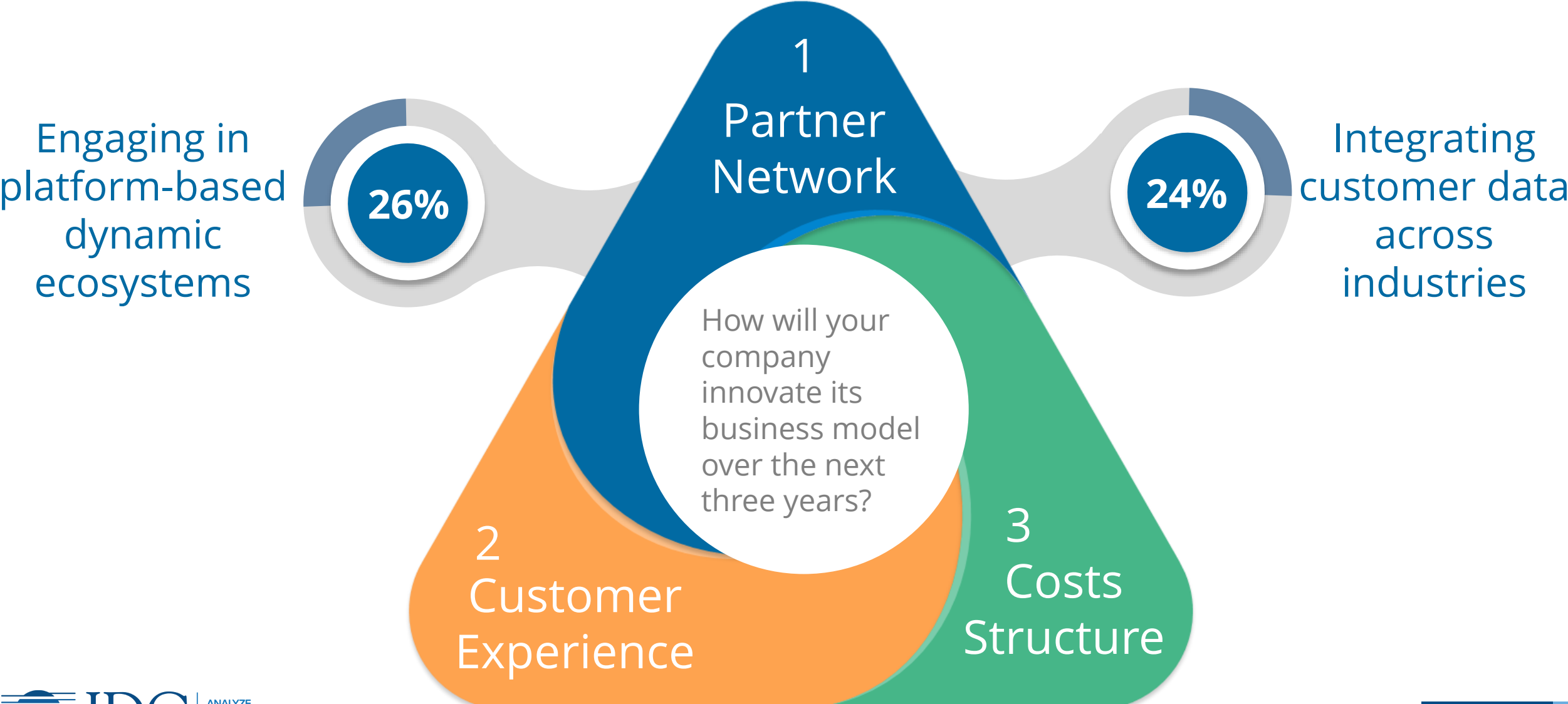
Walmart is building its own platform for the ecosystem, one piece at a time

Walmart ✳ I/O

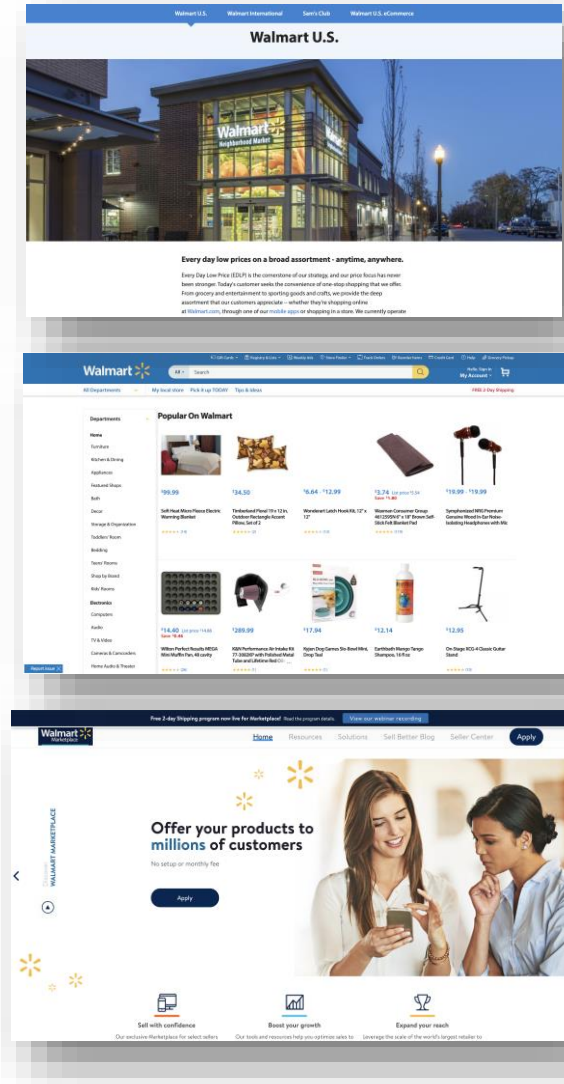| Buyers	Sellers
Monetize	**Integrate**
from adv on Walmart's customer base	services for content providers, drop ship vendors, marketplace sellers, warehouse suppliers

Source: https://www.walmart.io/

Supply Chain Transformation is About Efficiency and Resiliency to Disruption

Horizon 1 (60%)
Efficiency and effectiveness – *do the things we do today in the supply chain better*

60% say it's about efficiency (driving the ROI)

Horizon 2 (22%)
Be resilient to market disruption – *have a supply chain that can quickly adapt to disruptions in the marketplace* (fast follow)

59% expect to be disrupted within the next year

Horizon 3 (18%)
Be the disruptor – *supply chain supports new business models or dramatically re-imagined ones* (leader, bleeding edge)
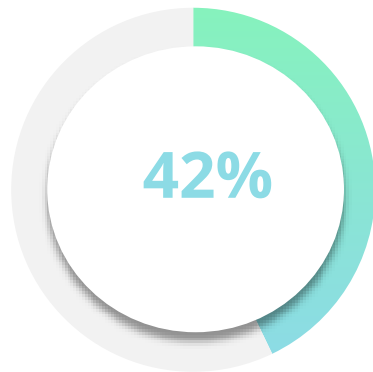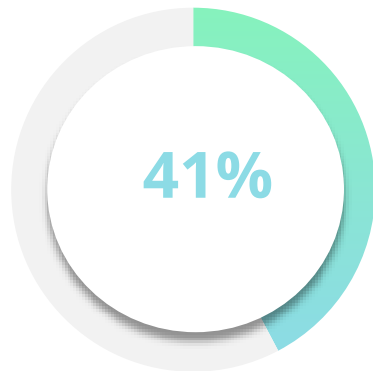
50% of future revenue growth

L'ORÉAL

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Efficiency, resiliency, adaptability require Supply Chain Visibility

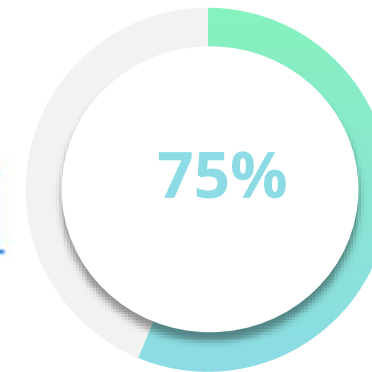## More than 40% of consumer companies prioritizes Supply Chain DX Programs

Supply network optimization

42%

Supply chain accountability

41%

Translating priorities in tech investments for supply chain sense, response, trust

75% **IoT for supply chain**
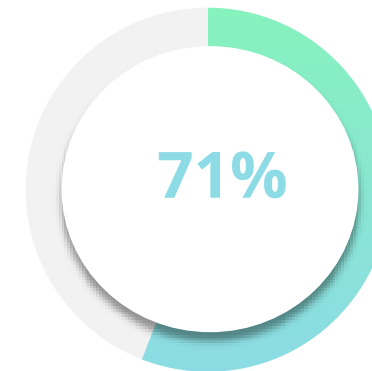
71% **Blockchain for supply chain**

Source: IDC's *Global Retail Innovation Survey*, 2019 (n = 607)

Overall budget in favor of innovation increases and innovation budget has a focus on technology

Innovation budget

Operations budget

75%

25%

Product

39%

34%

27%

Technology

Services

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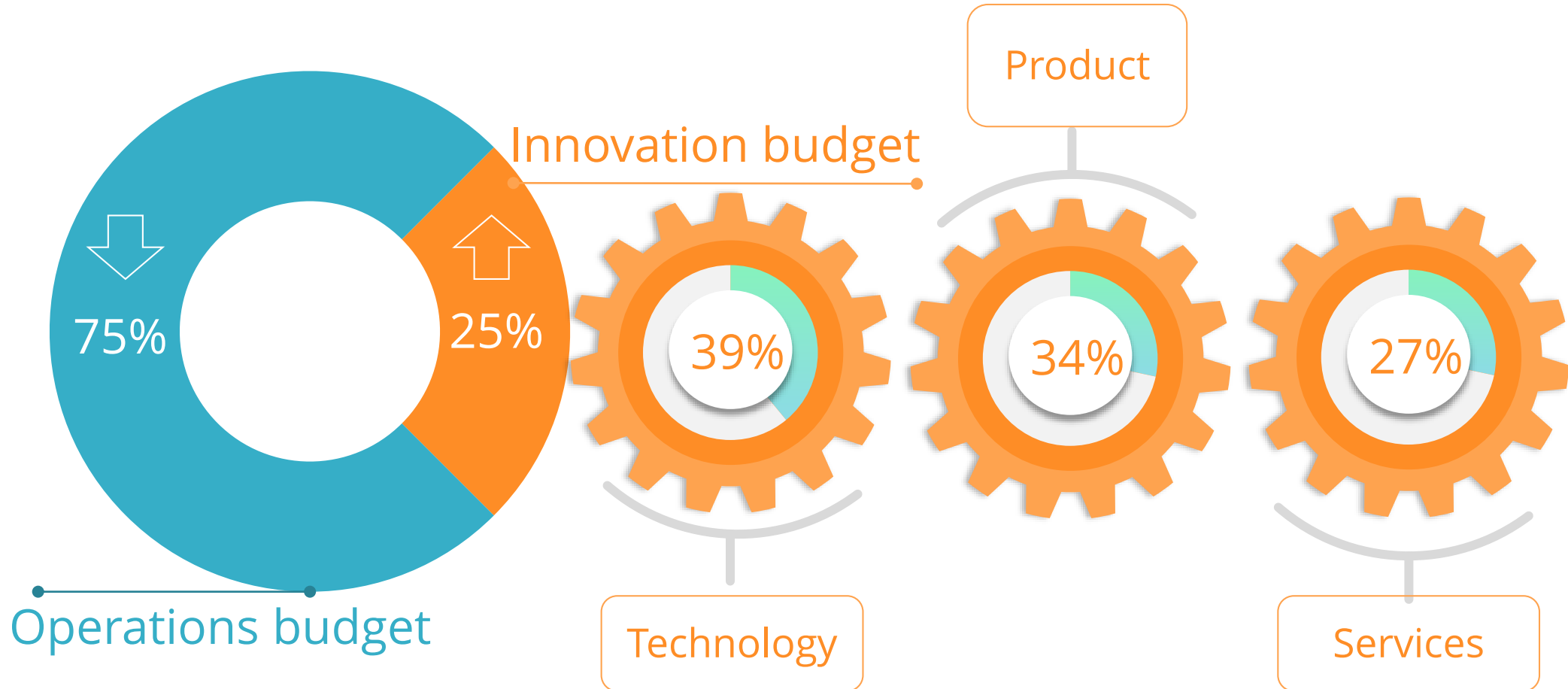
How to spend money wisely

#1 Build a Digital Roadmap based on DX Business use cases

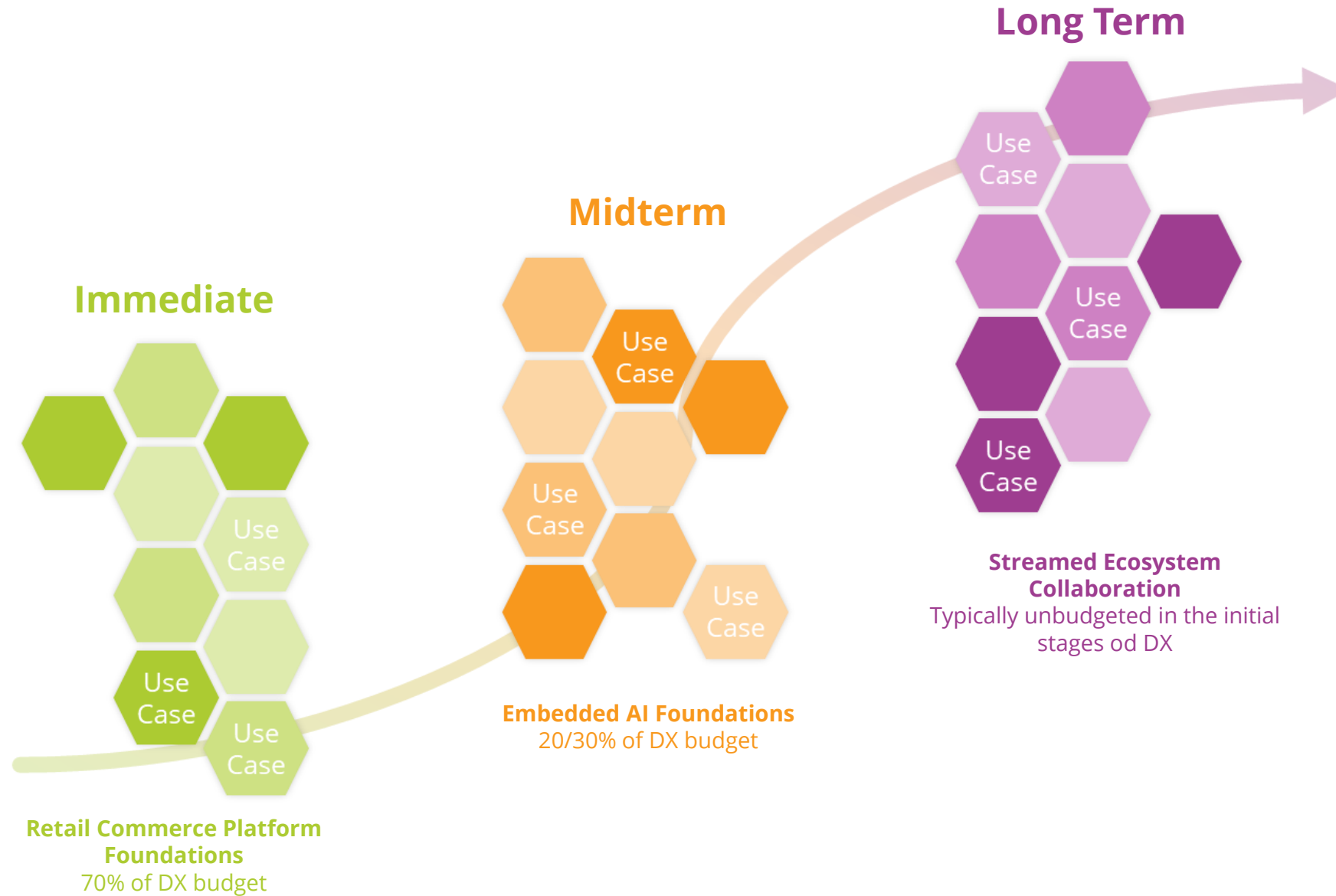| STRATEGIC PRIORITIES	PROGRAMS	USE CASES				
Omni-Channel Commerce	Experiential Commerce	Commerce Services	Digital Content Management	Cashierless Checkout	Headless Commerce	Next-Gen Payments
	Intelligent Order Fulfillment & Returns	Omni-Channel Order Orchestration & Fulfillment	JIT Production	Real-Time Inventory Management		
	Virtual and Augmented Engagement	Virtual & Augmented Engagements	Digitally Connected Product Experiences	Augmented & Visual Product Discovery		
Curated Merchandise Life-Cycle Management	Intelligent Product Design	3D Product Design & Review	Crowdsourced Ideation & Innovation			
	Curated Product Assortment & Positioning	Assortment Optimization	Sentiment Analysis	Dynamic Pricing	Life-Cycle Pricing Optimization	
	Product Innovation	B2B Networks / Marketplaces	Digital Product Life-Cycle Management	Global Product Requirements Compliance Management		
Omni-Experience Customer Management	Next-Gen Customer Care	Optimized Customer Relationship / Loyalty Programs	Omni-Channel Customer Support	Social Marketing		
	Customer Experience Analytics	360º Connected Customer Data Management	Customer Experience & Behavior Analytics	Digital Content Optimization	Customer Experience Process Measurement	
	Contextualized Experience	Contextualized Marketing	Optimized Promotion Development & Distribution	Omni-Channel Marketing & Advertising		
Digital Supply Chain Optimization	Optimized Supply Networks	Dynamic Supply Network Management	Supply Forecasting & Planning			
	Optimized Fulfillment Operations	Predictive Network Inventory Orchestration	Advanced Technology Augmented Work	Optimized Operations	Advanced Enterprise Reverse Logistics Execution	
	Supply Chain Accountability	Traceability	Smart Financial Supply Chain	Supply Chain Safety and Compliance Management		
Operational Scale and Agility	Mobile Enterprise	Mobile Inventory Information Management	Mobile Task Management	Mobile Customer Engagement	Mobile Commerce	
	Connected Workforce	Digital Workforce Management	Empowered Worker	Augmented Knowledge Worker	Robotic Workforce	Digital Sales Training and Execution
	Secure Omni-Channel Operations	Fraud Management	Next-Gen Digital Security	Next-Gen Loss Prevention		
	Profitability Optimization	Sustainable Environment Optimization	Asset Management	Physical Safety and Risk Management	Venue Portfolio Management	Revenue and Margin Assurance

Source: IDC's Worldwide Digital Transformation Use Case Taxonomy, 2019: Experiential Retail

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#2 Break Digital Roadmaps into Horizons

Long Term

Midterm

Immediate

Streamed Ecosystem Collaboration
Typically unbudgeted in the initial stages od DX

Embedded AI Foundations
20/30% of DX budget

Retail Commerce Platform Foundations
70% of DX budget

Source: IDC PlanScape: Architecting a Digital-Platform-Enabled Retail Innovation Strategy, 2019

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Thank you!

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