

4 ways retailers are using cloud computing to compete

Real-life examples of how successful retailers are adopting a cloud-first approach to IT



Cloud computing and retail

We will focus on the four main ways that the cloud supports retailers to:

- Make better decisions by getting the most from data
- Improve operations and employee engagement
- Create flexible, resilient, affordable infrastructure
- Improve customer experience and engagement



Alongside over 930 stores in 49 countries, Lush sells its handmade, fresh products online through the company's website.

In recent years, the brand's ever-increasing popularity led to peaks in demand that caused website outages on Boxing Day, the UK's biggest shopping day of the year.

To prevent that from happening again, Lush chose to migrate its e-commerce platform to scalable infrastructure that could handle increased traffic without compromising stability.

An industry in turmoil

Since the start of 2017, ToysRUs, electronics and gadget specialist Maplin, furniture chain MultiYork and numerous fashion retailers - including East, Store Twenty One, New Look and Jaeger - have all gone into administration (in some cases for the second or third time) or closed branches.

Yet some retailers are thriving in these difficult times. Both price-based retailers (those delivering value by selling at the lowest price) and premier retailers (which offer a premier product or shopping experience) are opening more stores than they're closing and seeing revenues grow.

It's the "balanced" retailers – those who try to compete on both price and promotion – that are struggling. Analysts at Deloitte say that what's driving this sharp difference in fortunes is the worsening financial situation of low and middle-income consumers, who make up 80% of the population.

With shrinking disposable income, they're more likely to be driven by price and shop at discount stores, or simply stop spending.

By contrast, high-income consumers have significantly more disposable income than 10 years ago, which is why premier brands are doing well.

In fact, Deloitte says, neither of the factors usually blamed for the “retail apocalypse” are involved.

While online sales may be growing ten times as fast as sales in-store, 90% of sales are still made in store, so traditional shops continue to account for half of all growth in the retail sector.

Similarly, there’s no difference in behaviour between Millennials and older consumers in each income bracket.

Low and middle-income Millennials are struggling as much as their older counterparts. High-income baby boomers and Gen-Xers are, like high-income Millennials, more likely to shop online.



What is also clear is that retailers who are thriving are ones taking a cloud-first approach to IT that lets them innovate quickly while reducing costs and growing revenue.

Whether you're a price-based, premier or balanced retailer, here are four ways your business can also use cloud computing to stay competitive.

1

Make better decisions by getting the most from your data

According to a study in the Harvard Business Review in April 2017, less than 50% of the structured data we're collecting is used to make business decisions and just 1% of unstructured data.

Just think about all the insights we're missing out on.

- Predicting market trends and understanding brand sentiment
- Forecasting demand to get the right stock in the right stores at the right time
- Understanding and segmenting customers to provide more personalised and timely communications
- Calculating the ideal price point for every product
- Understanding buying behaviour to create more attractive product bundles and merchandising displays
- Improving store layout and customer flow to increase sales
- Optimising inventory across the entire supply chain, from supplier to store

We've been missing out on those insights because combining, cleaning, transforming and querying data from different sources takes a lot of computing power, storage and network connectivity.

Cloud computing has removed those constraints with scalable and affordable on-demand solutions.

That means it's now much easier to bring together a greater volume and variety of data, from more sources, much more quickly, without needing to make a large upfront investment in infrastructure.



You can also give your data scientists and business users intuitive tools designed for exploring ideas and insights, rather than ones that were optimised for executing queries. That lets your smartest people freely explore your data and refine their ideas again and again.

One company benefiting from Big Data is a furniture retailer which operates 25 outlets. It's using Google Big Query to understand how sales in its physical stores are influenced by what customers have previously looked at online.

As a result, it's been able to increase its advertising ROI by 17% and discover new advertising keywords that have helped further increase sales.



2

Improve operations and employee engagement by creating a digital workplace

The retail sector, like every other industry, is not immune to the disruptive effects of digital and mobile technologies.

Just look at the impact Amazon has had.

Yet traditional retailers can still compete if they create a “digital workplace” that connects users, so they can work more collaboratively, and moves away from the old world of siloed systems and personal productivity tools to a new ecosystem of integrated operations.

A connected, digital workplace helps you:



Offer better customer service on the shopfloor, creating a premium customer experience, with mobile systems that let assistants check stock availability, place orders for out-of-stock items and look up product information



Provide real-time visibility across your supply chain, helping you reduce stock-outs and implement true multichannel services where you can serve customers seamlessly across mobile, web and in-store



Automate reporting, freeing store managers to spend more time on the shop floor and letting head office workers focus on improving the business rather than collecting data – and helping you keep your overheads down



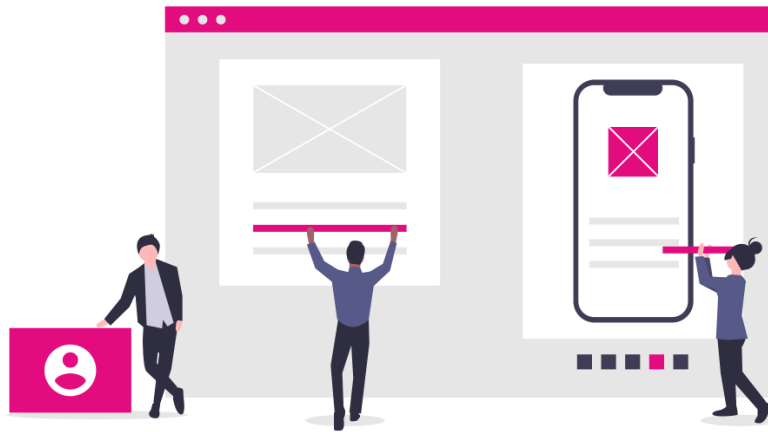
Support a culture of innovation, creating an environment where people can share ideas, learn from each other and collaborate easily on projects – across branches as well as in the head office



Make it easier to distribute information – from planograms to new product information to training materials – to branches

Creating a digital workplace will also be vital if you want to hire the best people. Today's workplaces are increasingly dominated by Millennials (also known as Digital Natives).

The best of them will be attracted and retained only by those businesses providing enterprise applications that match the expectations set in their personal lives: socially connected, collaborative, flexible and mobile-first.



Cloud-based solutions like Google's Google Workspace have this integrated philosophy built into their DNA, which is why they're the natural choice for many retailers, including cosmetics company Lush.

A new IT strategy saw the rollout of Google cloud systems that let employees use their own smartphones and tablets, as well as company-issued devices, to access documents, email and other company systems, from anywhere at any time.

Staff see it as a hugely positive step forward in terms of enabling their working lives, such as working from home or on the move, and it's a key element in supporting Lush as it grows internationally.

3

Create flexible, resilient, affordable infrastructure by moving to the cloud

The economic benefits of cloud computing have been well-documented, with businesses reporting that moving to the cloud has cut the total cost of ownership for enterprise applications by half.

Yet affordability is only a small part of the story.

Cloud computing also lets retailers:



Become more agile and innovative.

Flexible cloud infrastructure can be deployed quickly to support new products, processes and services, and draw together legacy, web, mobile and third-party systems to support innovative new business models.



Cope with rapidly changing demand, such as during sales.

New servers – configured correctly – can be deployed in seconds (and closed down just as quickly once demand drops).



Give staff the tools to work from anywhere.

This includes the shop floor, with secure access to data and documents on any device at any time.



Lower their operational and security risks.

Cloud ensures data and systems are available anywhere at any time, at speed, without needing to worry about where they're stored – and with the benefit of end-to-end security and business continuity measures implemented and managed by the cloud provider.

Handmade cosmetics company Lush is one retailer that's made the jump to a fully cloud-based infrastructure.

It migrated its entire eCommerce operation from a fully managed service to the Google Cloud Platform (GCP) in just 22 days – during the company's busiest trading period.

As well as seeing a 40% reduction in hosting costs, Lush is benefitting from greater stability and more control over its applications.

With Google Cloud 100% powered by renewable energy sources, Lush is also now working with a cloud partner that supports its ethical goals.



4

Improve customer experience and engagement by adding geomarketing

Maps can do much more than show people where to find your stores.

Combining maps with other data – from internal and external sources – you can create a better customer experience, increase customer engagement and get more for your marketing budget.

- Make it easier for customers to buy from you, with store locators that help them find the closest store, check opening times, get directions and see if the item they want is in stock.
- Send relevant messages to customers when their smartphone location tells you they're near or in one of your stores,
- Increase the ROI of your marketing spend by combining your own customer data with third-party data on demographics and lifestyle to target advertising more precisely and tailor messages to be more relevant and engaging.
- Improve your view of your supply chain to provide better customer service, such as letting customers to return purchases made online to any store and have them tracked back into the supply chain.

Cloud-based mapping solutions like Google Maps make it straightforward to roll out location-based services like these using the Google Maps APIs.

These are prepackaged pieces of code that let you quickly and easily include maps on your websites or in your mobile apps – and then add extra functions to your applications.



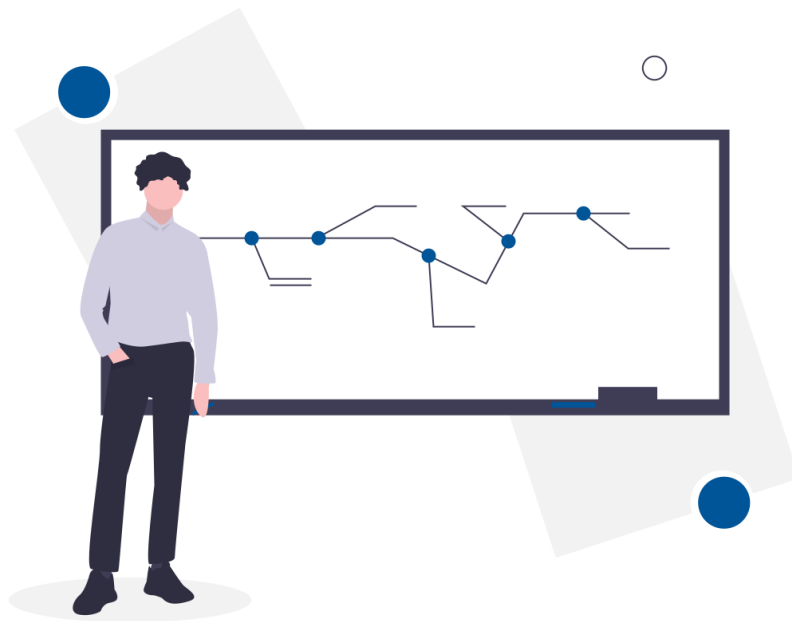
Geomarketing was an integral part of clothing and homeware chain Matalan's move to an omnichannel strategy, for example.

Matalan turned to Google's Store Visits reports, which use geo data from mobile devices and machine learning to give brick-and-mortar retailers an insight into the number of users who view an online ad and then visit one of their physical locations.

It soon became clear that digital ads, especially on mobile, were driving in-store sales.

By tying ads to customer location, Matalan could nudge customers who were already near stores into making a visit.

In fact, for every online transaction driven by digital advertising, a further six customers visited a physical store, while every £1 spent on Google mobile ads was returning a total of £46 in sales, £31 of which came in-store.



Cloud computing will be vital for retailers which want to thrive.

Google Cloud technologies are already helping hundreds of retailers to become more innovative and efficient, and to deliver an experience that delights customers.

At Ancoris, we've already helped retailers such as HMV and Lush to use cloud computing to compete more effectively.

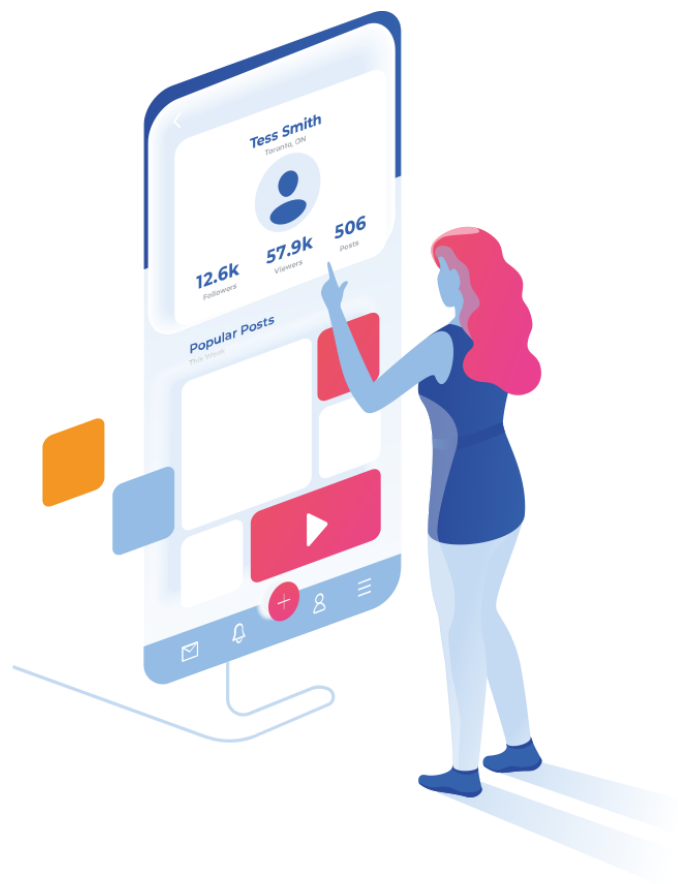
Come and talk to our experts to find out how we can help your business on its your journey to cloud-based competitiveness.



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