FUJITSU

Shopping without borders

How to optimize retail operations in a sustainable world

"All industries operate differently, but most run like an orchestra. Individual functions know what they're doing and keep to the conductor's beat. Retail, however, is more like running an army. With so many different functions, scattered environments, and time-critical activities, the business needs a more directive, data-driven approach to work best."

Richard Clarke
Head of Global Sales, Consumer Industries, Fujitsu

The most organized of organizations

As customers, when we think about a retailer, we probably only envision 10% of it. There's some form of a shop, the goods we buy or consume, and there may be some interaction with a representative along the way. We see the face, but not much more – and that's OK because, as customers, we don't need to know the inner workings. In reality, there's far more going on behind the scenes, of course. From the warehouse to the physical store and from the online store to deliveries, together, these different moving parts all serve to create the customer experience (CX) that keeps a retailer in business.

The vast scope of operations typical for this sector are why you need central direction and tight control over all the different workforce capabilities. Because, if just one part fails, this risks a knock-on effect all the way to the customer, which could result in losing their custom. So, being joined up and consistent are key, with data-driven decision-making at the core of any

operational improvements. Yet, it's becoming increasingly complex to deliver this in our multi-faceted online/offline world, where customers' expectations continue to evolve, and sustainable outcomes are a bigger priority than ever.

Yes, there are challenges. But there's always room for improvement. And in an ever-changing retail environment, every trend you observe, every choice you make, and every process you experiment with is an opportunity to make things better. For your customers, your employees, your business, society, and the planet.

This is the second in a series of three guides to CX, operations, and sustainability in retail. Read on to learn how data-driven strategies can help enhance your operations to deliver rapid, low-cost, and highly secure innovation for sustainable ways of working. So, you can drive up customer experience and meet your business and sustainability goals.

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Contributors

At Fujitsu, we're always looking ahead to help retailers maximize digital opportunities and capture future growth, while minimizing environmental impact. Our belief in corporate responsibility means solving societal issues is key. And activating cross-industry collaboration is the only way to drive previously unimaginable approaches and insights.

Richard Clarke
Head of Global Sales, Consumer Industries, Fujitsu

Richard is responsible for bringing the best of the Fujitsu industry vision, consulting capabilities, solutions, and services to its customers across the world, particularly in retail. Reporting into Fujitsu's global leadership in Japan, Richard and his team develop and execute compelling and relevant strategies to expand key markets and define differentiated propositions to meet the needs of existing and new customers.

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Visibility and data: every cog in every wheel

'Shopping without borders' is Fujitsu's vision for the future of retail. It's a term that refers to a convergence of today's disconnected transactions and operations into one frictionless, customer-centric journey. A world where customers can effortlessly flow between digital and physical touchpoints. But how do you, as a retailer, bring about that frictionless state?

Retailers have always collected customer data to understand what sells, what doesn't, and purchase decisions in general. This used to be a slow, arduous task where information was collected through transactions, surveys, or expensive focus groups. It also made for a somewhat limited glimpse into customer behavior and business processes. But ever since online activity has soared, so has data collection. And analyzing that data is key to unlocking crucial insights. Mined and analyzed in the right way, data can fuel efforts to enhance business efficiency, improve CX, and foster loyalty.

With the increasing amount of available data, there's a need for greater control. Having different data sets in different places will only help siloed departments improve their own processes. But as retail leaders will know, this is an extremely complex industry. Like a two-sided coin, whatever change is made at the customer-facing front end will impact the back end of the business. Therefore, you need full cross-organizational visibility.

Once you have this data-driven view, you'll gain a greater understanding of where you are now and where you want to be over the medium- and long-term. And you'll be able to obtain the most valuable insights to create effective data-driven strategies to enhance operational performance. So, you can optimize your processes, ensuring every component has its own merit and adds value to CX. This is why the operational blending of mobile, in-store, and online experiences is so crucial to success – making sure your operations run as smooth and efficiently as your customers' end-to-end journey. In short, borderless retail.

Change drivers in a complex industry

Today's retailers face numerous challenges to get ahead of the competition. So, what's influencing the need to shift to cross-organizational visibility? And what's holding you back?

The cost-of-living crisis

Inflation and the worldwide economic downturn mean customers are less willing to part with their hard-earned cash. Retailers, therefore, must adapt in order to stay relevant and competitive. While keeping prices reasonable, you must also find ways to offer additional value.

Traditional mindsets

When facing times of financial unrest and pressure from investors, retailers tend to resort to simply cutting processes or staff numbers to continually reduce costs. But this kind of traditional strategy risks you failing to meet both customer and employee expectations. Enabled by technology, retailers need to analyze data to look beyond surface-level savings.
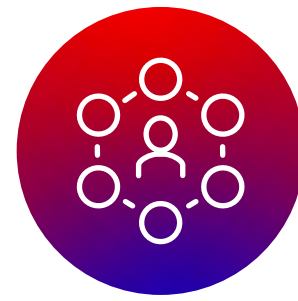
The demand for personalization

Customer demands are changing. Today's generations are demanding more transparent, personalized, sustainable methods of consumption from retailers to suit their unique needs. Success lies in harnessing your data to better understand – and respond to – your customer base.

The rise in ecommerce and a smartphone-first culture

Use of physical stores has gone down as shoppers have become more accustomed to the convenience of shopping online. To appeal to evolving shopping habits and expectations, your modernization plans must be strongly linked to mobile-enabled events, information, communications, and engagements.

The need to become more sustainable

Though it's not down to retail leaders to find all the answers, we all have a responsibility to be answerable to the planet. And that means finding more sustainable ways of operating to lower environmental impact, improve wellbeing, and encourage ethical consumption. It's important to remember that technology itself is not the answer, nor is data. Both can enable growth, but it's about having a well-defined data-driven strategy. Like all business goals, there needs to be clear thinking behind the ambition.

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Balancing security with integrity for sustainable operations

When it comes to data, retailers have a huge responsibility to protect it due to the vast number of people this industry touches. The consequences can be disastrous if customer data is damaged, lost, or stolen. From reputational damage to forced ransoms, just one breach can cost your business dearly. And will risk you losing your customers' trust and loyalty.

With an ever-growing array of physical and digital touchpoints…

…retailers need to ensure an effective balance of seamless omni-channel CX and data protection at every point.

But with the current cost-of-doing-business crisis, you're likely weighing up the costs of investing in secure technology versus the impact on profits.

Optimizing operations always depends on how quickly you can gather information, make sense of it, and change the way you're doing things. But it's also about finding smarter ways of working – not continually cost cutting, reducing resources, or downsizing. In the same way, the most robust data strategies are also about more than just safeguarding.

True efficiency doesn't limit performance, range, value, choice, or security. With the right tools in place, it should generate better outcomes for both your business and society at large.

Sustainability Transformation: the world depends on it

Fujitsu Uvance is a set of solutions, services and know-how designed to help customers grow their businesses and solve societal issues.

By combining our many years of experience in advanced technologies with our expertise in diverse industries, we're using data to connect disparate processes across sectors.

Activating cross-industry collaboration will drive previously unimaginable approaches and insights.

Through this connective approach of intersectional solutions and services, we're working with you to accelerate Sustainability Transformation.

Balancing security with integrity for sustainable operations

Managing stock

AI-enabled technology is incredibly effective at helping retailers draw from rich amounts of data to meet demand while balancing the books. When you have greater visibility of your goods, you can plan ahead, ensure tighter waste management, and avoid excessive inventory. Machine learning algorithms will analyze historic data, market trends, and other factors to accurately forecast what's needed and when – all without you or your staff spending time poring over huge amounts of information.

Managing the supply chain

With real-time intelligence such as blockchain technology, you can monitor and build a more resilient supply chain. That's important for two reasons. Firstly, it can help you make sure partners have the same efficiency checks in place to mitigate any disruption to sourcing products or services. Secondly, you can also deploy quality checks across your ecosystem. Whether you want to review sustainability practices, ethical compliances, or the quality of your goods, you'll have the information to hand to make this happen. This kind of transparency and traceability will become increasingly important as more social and environmental regulations are introduced by authorities.

Enhancing CX

Being data-driven is integral to the 'shopping without borders' vision. The entire customer journey needs to be visible in order for you to identify different triggers and milestones to personalize and enhance CX. Ultimately, adding value to every interaction, no matter if that's in store or online. And it's only with effective data analysis that you can implement a seamless offline-to-online (O2O) experience. Emerging technology elevates visibility of your business to automatically open up more opportunities than has ever been possible in the past. For example, AI-based camera systems in store can track customer behavior to help you better understand buying decisions. These systems can also help to reduce theft. So, cost optimization and enhanced CX can work in tandem.

To do all this, you need to know the data you're looking at is correct. Certain data sets may require a stronger focus on security, but all primarily require accuracy and consistency for clear decision-making. Therefore, securing your data is the first step; making sure it's truthful, accurate, and up to date is the second step.

It's this balance between data security and data integrity that allows you to continually evolve your operations. Think, customized delivery slots to meet modern shoppers' demands. And better waste management to lower your organization's planetary impact, meet Environmental, Social, and Corporate Governance (ESG) regulations, and reduce material costs.

Where to start shopping without borders

Now you have a greater understanding of what shopping without borders could mean for you and your customers, the question is: how can you approach your own transformation?

Step 1

The answer begins with **shifting your mindset** from transaction-orientated to experience-focused activities.
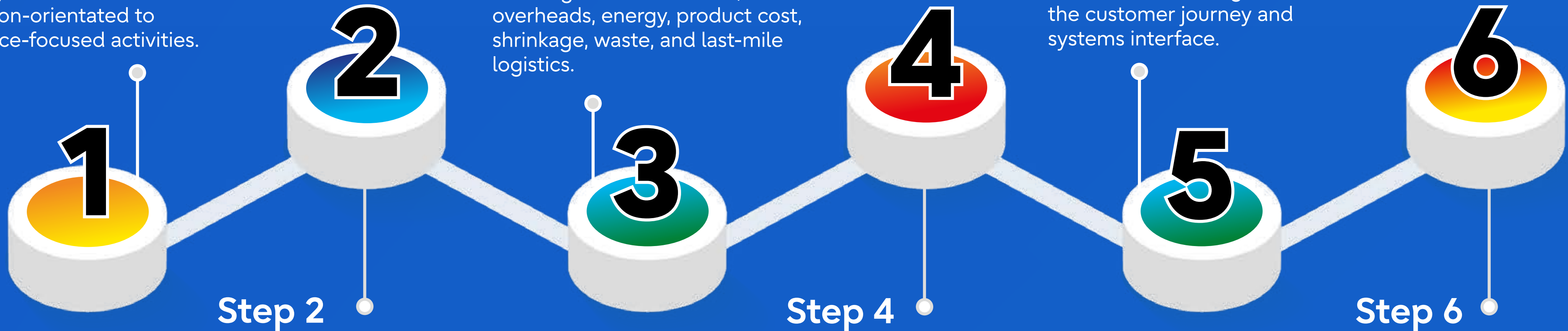
Step 2

Then, **moving from being multi-channel to omni-channel** (e.g., from bolting ecommerce and stores together to offering one integrated journey across touchpoints), where you have a single view of the customer across channels with innovative new ways to capture spend.

Step 3

Optimizing costs comes next focusing on costs of labor, overheads, energy, product cost, shrinkage, waste, and last-mile logistics.

Step 4

Next, considering how you can **lower your environmental impact** by building in reductions across the customer journey.

Step 5

And ensuring **data security** is embedded throughout the customer journey and systems interface.

Step 6

Finally, harnessing technology like **Application Programming Interfaces (APIs)** and microservices will allow you to join up data and provide a more flexible front-end approach (also known as composable business).

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Where to start shopping without borders

It's also helpful to keep all the big-picture factors you'll need to get right at top of mind to succeed. These include:

- **Digitally-driven customer journeys.**

- **Hyper personalization –** achievable via consumer insights and experience data capabilities.

- A **single commerce platform** to replace 'black box', channel-specific PoS or ecommerce solution.

- Platforms capable of supporting **rapid, low-cost innovation**.

- Technologies and processes that deliver **sustainable outcomes**.

- **Cloud-based architecture** that enables omni-channel retailing.

- A **migration strategy** that doesn't require complete replacement of components.

- **Change management** to support your teams across stores and online platforms to work together as the technology becomes more integrated.

While all of the above can act as your guiding star, there's a difference between understanding what you need to do and executing it in the right way.

That's where Fujitsu and GK Software come in.

Opportunities with Fujitsu and GK Software

A powerful partnership in CX

For seamless omni-channel retail, businesses need look no further than Fujitsu and GK Software. Together, our innovative technologies and commerce solutions – along with our broad ecosystem of partners – provide everything you need to transform your CX and supporting operations.

Delivering scalable innovation at speed and operational efficiency, at the right cost, end-to-end.

While other technology companies may help you plan and integrate stores and ecommerce systems (a.k.a. the big plumbing process), it's the business transformation that really matters. And, it's transformation where Fujitsu truly excels.

Using a combination of industry know-how, composable technologies, and managed services, we can help you transform your operations to ensure great retail experiences and business outcomes. Our set of modular technology solutions and managed services empower rapid innovation, ESG-led outcomes, and sustainable retail growth. Furthermore, our seasoned industry experts are on hand to define what the future of your shopping journeys should look like, help you find the right technology solutions, and build the right migration strategy to get you where you want to go.

GK Software solutions, delivered by Fujitsu

Omni-Channel Services

Commerce Platforms

CLOUD4RETAIL Platform
Flexible Commerce*

GK

Omnichannel Store CX

GK OmniPOS, GK OmniPOS (SCO), GK OmniScale, GK Smart Label, GK Hospitality, GK Drive

GK

Digital Shopping

GK Scan & Go, GK Engage, GK GO, Cashier Free Store FC
Scan&Pay/Online Delivery Smart Cart*

GK

eCommerce Platform

(planned)

FUJITSU

Personalized Marketing Service

Analytics

GK SPOT

GK

Personalization

GK AIR Personalization
Advanced Consumer Behavior Analytics

GK

Advanced Store Operation Service

Empowered Associates

GK Store Inventory Management

GK

Automated Operations

GK AIR Dynamic Pricing, GK AIR Fraud Detection, Capture Machine Vision Solutions, IoT Operations Cockpit, Managed Digital Commerce Service, **Profit Protection + Vision AI Digital Age Estimation**

FUJITSU GK

Opportunities with Fujitsu and GK Software

SaaS-based intelligent commerce meets trusted services and support

The GK Software suite of solutions is your engine room for:

- Managing the customer journey across online, mobile and in store
- Optimizing retail processes for CRM, personalization, and loyalty programs
- Engaging customers
- Keeping track of and moving stock
- And more

For example, GK Software's comprehensive cloud retail platform, CLOUD4RETAIL, is the foundation stone for any unified commerce mission. It can empower your business with API-first native microservices which that connect data, workflow, and logic across stores, mobile, online, and social to deliver great new use cases for your customers and your colleagues. With Fujitsu at the helm, you'll also benefit from intelligent tools that monitor, analyze, and predict performance, plus our global reach and trusted services and support.

Then there's our ecosystem of innovative Fujitsu and partner solutions and services, enabling frictionless commerce, drive-thru and curbside pickup optimization, energy and waste control, and supply chain management. The fact we are vendor-agnostic means we'll always integrate in a way that suits you with right-fit solutions.
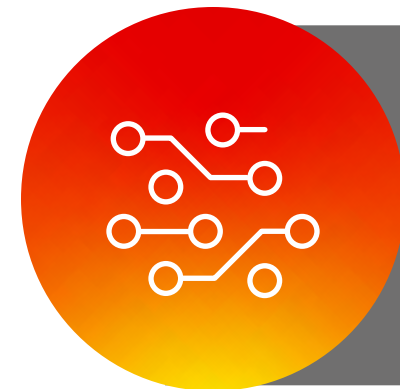
Finally, our partnership is made even greater due to GK Software's existing SAP capabilities which enable a superior omni-channel CX.

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Why buy from Fujitsu?
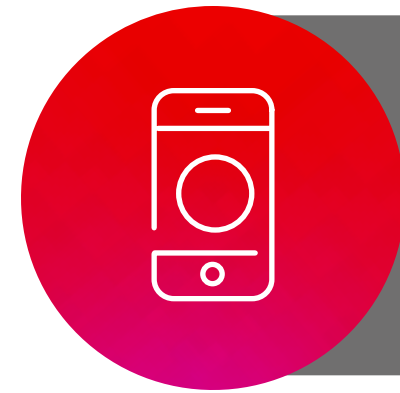
Omni-channel migration and transformation

We have the knowledge and experience to help you define your vision and deliver it in affordable and achievable steps.

Differentiated solutions and services

We have the portfolio of solutions and innovative technologies to help transform your customer experience, drive growth, and meet your sustainability goals.

Trusted end-to-end implementation, services and support

We have a range of professional and shared managed services to de-risk implementation, run, and support.

Global reach

We are global - offshore delivery, service desk, fiscalization - bringing cross-border knowledge and expertise to your business.

Real-world examples to inspire

Read our case study to discover new ways of working with Fujitsu.

AEON Retail: Creating new shopping experiences through data analysis and AI-based camera systems AEON RETAIL, headquartered in Japan, plays a central role in the general merchandise store (GMS) business of the AEON Group, a major distributor and retailer. It is one of the largest retail operators in Japan, with approximately 400 stores, including AEON and AEON STYLE, and annual sales of over two trillion yen.

Challenge

Our client was facing a challenging business environment, from intensifying competition and labor shortages through to the operational difficulties created by COVID-19. It needed to reduce labor costs and optimize store operations by exploiting digital technologies.

Solution

With Fujitsu's help, AEON RETAIL is now driving digital transformation (DX) from three perspectives: cost structure, touch point and customer contact, and work style and staff productivity.

AEON RETAIL has already implemented a number of initiatives based on Fujitsu solutions, including the use of AI-based video analysis to improve the shopping experience in the new normal.

This solution featured Fujitsu's AI video analysis solution GREENAGES Citywide Surveillance as the core technology. This allowed the retailer to:

- Analyze video data from cameras to monitor in-store congestion and avoid 'the three Cs' (closed spaces, crowded places and close-contact settings).

- Estimate the age of customers from video data, to prevent under-age purchasing of alcoholic beverages.

- Notify store staff about customers who want to make a purchase or require assistance, in order to improve sales efficiency and customer satisfaction.

- Analyze data, including customer attributes and behavior, to support the planning of optimal layouts and product lineups.

Outcomes

- System now deployed in 76 AEON and AEON STYLE stores across Japan.

- AI cameras now integrated with pedestrian-flow simulation technology to further enhance and improve shopping experiences.

- Created an environment where store staff can improve their customer service.

Let's deliver the future of sustainable retail

Integrating sustainability into your business operations is now an imperative. People are seeking more personalized, transparent, and unique interactions. And bridging the gap between online and offline environments is critical for revealing untapped opportunities.

In today's retail world, data drives both business performance and sustainability progress. But only if you know how to get the most value out of it. There are now multiple ways to shop, which means there are multiple opportunities to redefine CX by enhancing operations through key insights. And future success belongs to the innovative retailers that unlock new, better ways of working. Effective data-driven strategies are the key to driving operational improvements – that includes lowering your costs, enhancing CX, and positively progressing towards sustainability goals with greater visibility and agility. And that's where Fujitsu and GK Software can support you.

Imagine a world where customer journeys are frictionless as they move between digital and physical touchpoints. A world where you can deploy innovative, low-cost, and highly secure solutions in weeks to personalize every interaction, improve employee wellbeing, and have a continually positive impact on the planet. A world where modularity means you only pay for the capabilities you need. That's the future we want for you.

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At Fujitsu, we're here to help you deliver a great omni-channel customer experience, with increases in sales, profit, customer loyalty, and sustainability. To discover how far we can travel together, please get in touch:

email **askfujitsu@fujitsu.com**