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Shopping without borders

How to enhance CX in a sustainable world

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"There's been a fundamental change in the last few years in how we manage customer journeys in retail. A shift from product to experience. Customers increasingly shop where they can enjoy the richest experience and support sustainable outcomes."

Richard Clarke
Head of Global Sales, Consumer Industries, Fujitsu

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The future of retail starts now

Retail is one of the most dynamic industries around. It's an ever-evolving sector whose leaders have learnt to embrace huge technological change over the past 25 years. Once, shopping malls and department stores were at their peak to deliver the ultimate shopping experience. Now, customers can buy something from almost any personal device without leaving their home. This won't be news to you, but it's still a marvel.

Yet, one constant remains. Customer experience (CX) has always been the hallmark of great retail brands. Because if a retailer can't provide a memorable experience that gives its customers a reason to come back, they won't. Today, it's even more important to focus on delivering a rich and relevant experience, rather than a product-based approach. But it's become much more complex in this online/offline world. While empowering some businesses, this pursuit is leaving others trailing behind, as they strive to meet changing demands.

Shoppers are seeking more personalized, transparent, and unique interactions, underpinned by a trusted focus on acting sustainably. And bridging the gap between online and offline environments is critical for revealing untapped opportunities. These challenges demand a comprehensive review of the entire end-to-end customer journey. A world where customers can shop without borders. For Fujitsu, CX is about creating sustainable value for people, business, the planet, and society. And digital transformation is a powerful ally.

This is the first in a series of three guides to CX, operations, and sustainability in retail. Read on to learn how you can evolve your retail business to deliver great CX and sustainable business outcomes.

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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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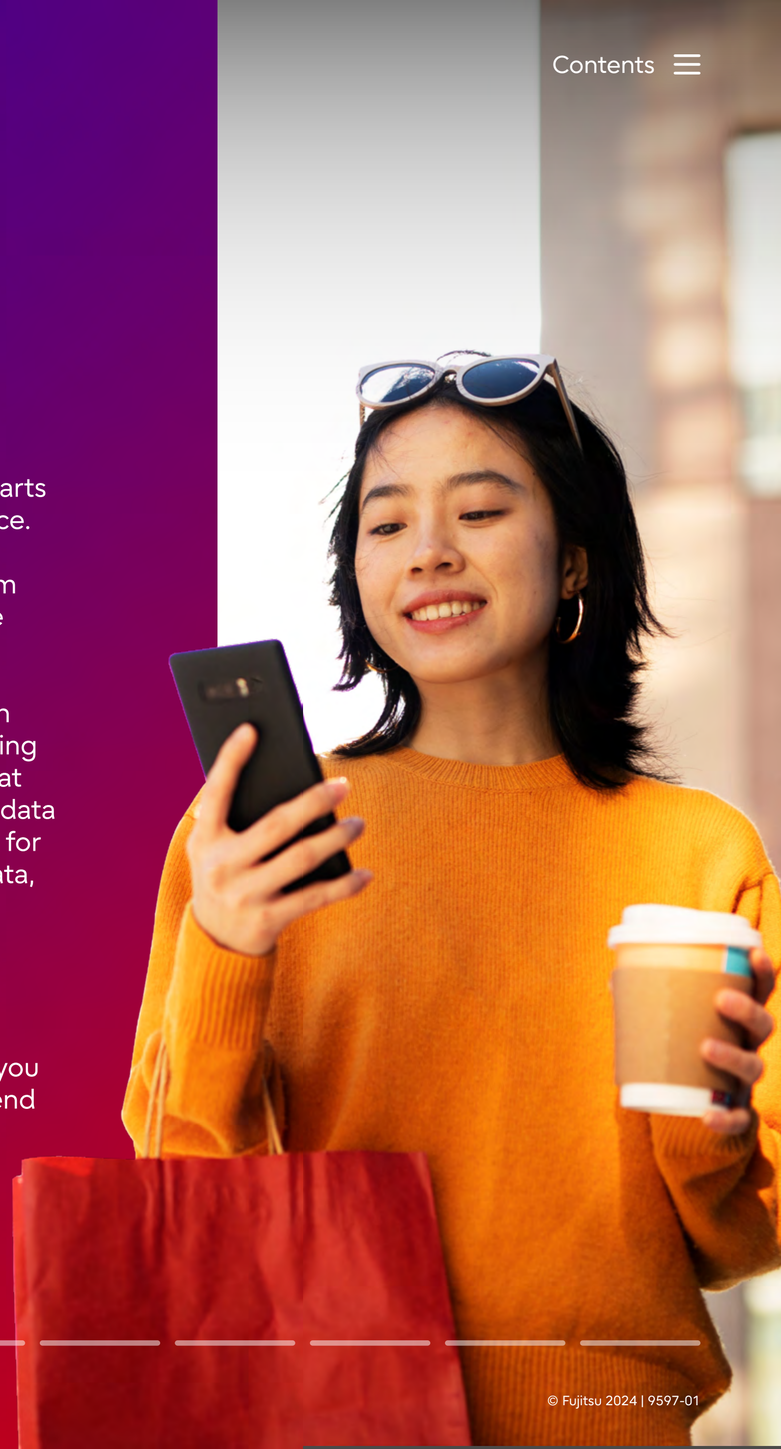
Enter the world of borderless retail

The customer journey has changed significantly with advancements in mobile technology, social platforms, and 'last-mile' deliveries – rendering a historical understanding of CX too limited for modern retail. For many of us, when we think of CX, that familiar visual comes to mind of a happy, smiling customer being served by a store assistant. At its core, this faded picture still projects that emotional connection at the point of transaction – 'gold dust' for retailers – but it fails to take into account the vast number of touchpoints available today. For example, chatbots, last-mile delivery, and social retailing.

In commercial terms, CX has always been about rewarding custom and creating valuable, satisfying experiences that lead to loyalty. But to successfully grow your retail business means understanding the mindset of the customer end-to-end, both online and offline. This requires a convergence of disconnected transactions and operations into one borderless, customer-centric experience. Sometimes dubbed as the 'phygital' experience, it's a setup where your customers can flow effortlessly between different channels. In short, shop the way they want to.

Achieving this means no longer focusing on enhancing parts of your service in isolation, like in-store personal assistance. The entire journey needs to be visible in order for you to identify different triggers and milestones. We call them 'micro moments' in the shopping journey, which motivate a purchase, sign up, or brand engagement. For instance, issuing 'buy two, get one free' coupons at the time of purchase via text, or influencing pre- and post-conversion through the value of product reviews. Instead of depending on transactional information, you can observe behaviors at different stages. Advanced technologies can collate this data in real-time (with consent), then make recommendations for optimizing processes. Whether it's point-of-sale (POS) data, inventory data, supply chain information, or customer profiling data, a blending of mobile, in-store, and online experiences is critical to optimizing CX across online-to-offline (O2O) environments. And the benefits for your business are vast. Not only does this allow you to keep up with the inexorable march of ecommerce, it also lets you meet modern consumer expectations, and gain end-to-end visibility of your organization.



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Shifts in demand

When it comes to CX, expectations have been evolving. This means, if you want to keep up with your market competitors, it's time to evolve and enhance your own offering. So, what's changed?

The rise of E-commerce

Shoppers have become increasingly more accustomed to shopping online. In turn, this has rapidly accelerated the global shift to ecommerce. And it's a trend that isn't slowing down – Edge by Ascential forecasts that worldwide ecommerce will account for 40% of retail sales by 2026*.

The post-pandemic years

Use of physical stores has gone down in recent years – limiting footfall and encouraging an increase in digital shopping. This has also served to shape younger generations' shopping habits and expectations. Now, factors such as delivery speed and social responsibility are all higher up these shoppers' agendas than ever.

A smartphone-first culture

To appeal to today's smartphone-first culture, retailers' transformations must be strongly linked to mobile-enabled events, information, communications, and engagements. As older generations of shoppers decline, and Gen Zs and Millennials become the dominant consumer population, modernizing in this way is essential.

The cost-of-living crisis

In line with the economic downturn, there is a greater global focus on health and wellbeing. As part of this, today's customers are demanding more sustainable practices. Retailers, therefore, must adapt in order to stay relevant and competitive. But keep prices reasonable if they want to attract customers of average means.

Deeper, broader data

Retailers now have the means of collecting and harnessing even more data about their customers. The more data retailers are able to harness, the more personalized the customer experiences they can offer. Success lies in understanding your customer base, then being agile and innovative enough to respond to their needs accordingly.

* www.ascentialedge.com/insights/omnichannel/store-of-the-future

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The power of human connection

With the current cost-of-doing-business crisis, an industry that's more competitive than ever, and pressures from investors, customers, and governments...

...retailers across the world are weighing up the costs of investing in technology versus the impact on profits.

But it's not just technology that can have an impact on retail success. It's people – the humans that support the technology – that represent a powerful, persuasive force in customer experience.

Now, more than ever, it's important to pinpoint where people are most valuable.

Retailers like you must think very carefully across the end-to-end customer journey and evaluate where technology can stand alone, and where moments of human interaction can lead to greater outcomes.

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The power of human connection

In-store assistants

Online, AI chatbots can answer customer queries at pace, and often incredibly effectively due to the rich amounts of data these technologies draw from. However, in store, human is better. Face-to-face, in-store assistants can offer the reassurance and guidance shoppers need to commit to purchasing goods or services. What's more, they can nudge customers towards additional items they may not have considered.

Of course, the role of the in-store assistant is particularly important in the 'shopping without borders' vision. Taking customers from online to offline experiences seamlessly requires a mix of technologies and strategic planning. But there is immense value for both parties in connecting online customers with human assistants, on the phone or in store.

Delivery drivers

Delivery drivers can provide an additional human touchpoint along the retail journey, particularly when they go above and beyond. To some online shoppers, sharing a few words with a driver on the doorstep, or even having them help you put your shopping away, can act as an important brand experience.

Social influencers

Social influencers can be hugely valuable when it comes to advertising online assets. Not only can you use them to endorse your product and connect with your online base of customers, but also as a feedback loop when it comes to finding out what people are saying about your brand and competition. Essentially, well-considered social influencers placed along the customer journey can help you drive engagement, foster relationships, and improve loyalty.

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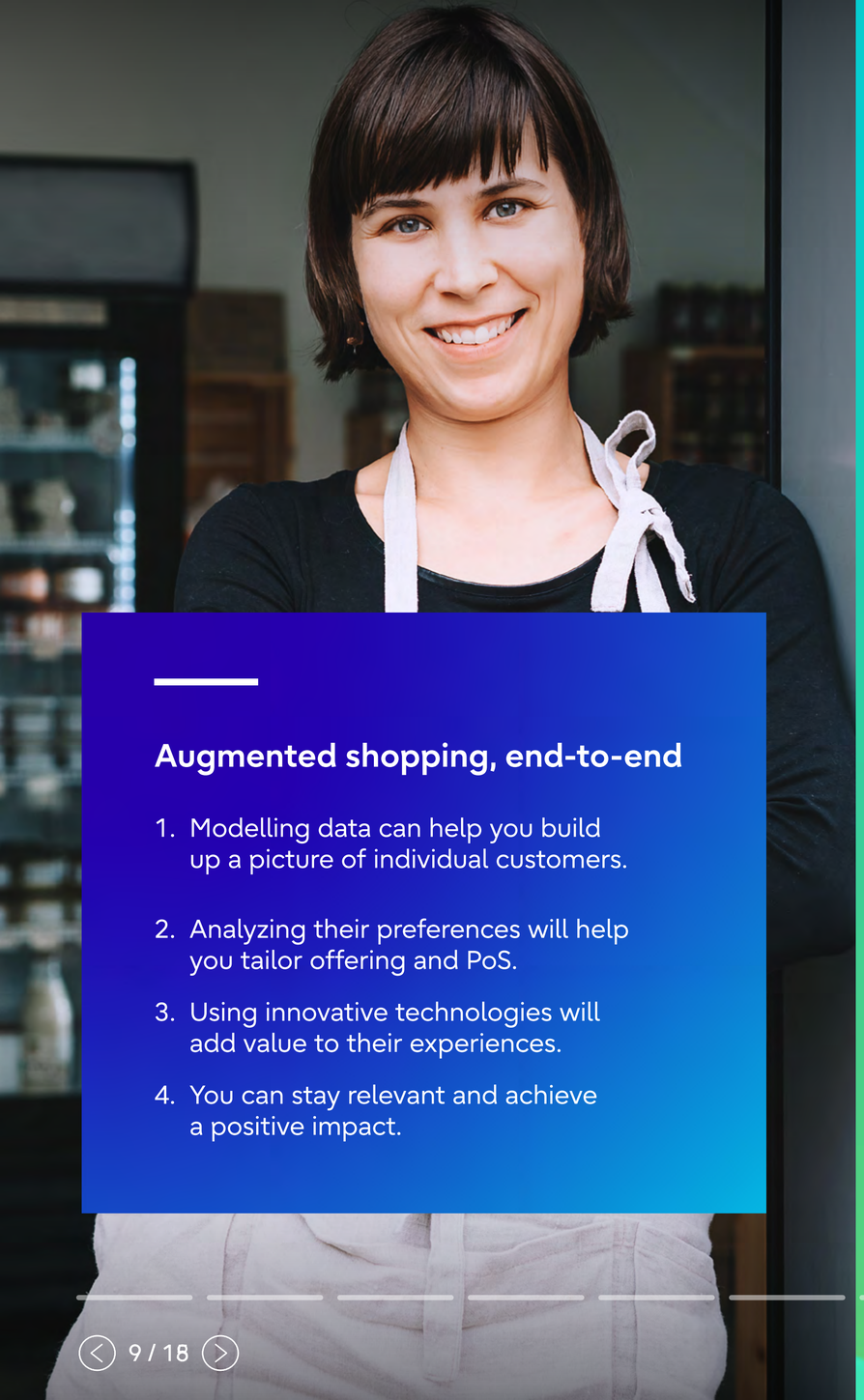

Augmented shopping, end-to-end

1. Modelling data can help you build up a picture of individual customers.
2. Analyzing their preferences will help you tailor offering and PoS.
3. Using innovative technologies will add value to their experiences.
4. You can stay relevant and achieve a positive impact.

Technology x your business

So, technology isn't the answer alone. However, it can offer the visibility retailers previously lacked – allowing you to optimize operations for more sustainable business outcomes and enhanced CX.

From IoT to cloud to mobile to edge computing to machine learning – the right emerging technology can vastly benefit your business.

AI-based cameras, for example, can help you observe customers as they move around your store (subject to data privacy laws), and analyze human gestures to inform the very best store layout.

Before, it would have been too costly to determine customer behavior to this degree of detail, and you may have been limited to transactional data. Now, however, cutting-edge technology powered by smart data can help you easily optimize your processes. It can also enable you to target customers with specific offers and enrich their experiences with personalized services far quicker than ever before.

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A word of warning: with the birth of myriad advanced technologies, it's important to be mindful of those that are still in their infancy. For instance, the metaverse (virtual world shopping) can be used to replicate the physical shopping process. However, this kind of technology will only grow if it can genuinely add value and incentivize customers to purchase in new, more efficient ways.

Complex sector, simple steps

Of course, we don't need to tell you that the retail sector is particularly complex, and every change you make will have a knock-on effect.

At Fujitsu, we believe that it's best to introduce proven, incremental technology improvements, step by step across the shopper journey. If you start small, you can then test different responses and maximize the impact across the buying journey. This approach can help you get the balance right for customer experience and operational efficiency.

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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 also helps to bear in mind all the big-picture components you'll need to get right 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 north 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.

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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

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

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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 Drive Thru, Store Operation Cockpit, Managed Digital Commerce Service, **Profit Prevention + Vision AI Digital Age Assurance**

FUJITSU GK

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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.

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Real-world examples to inspire

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 line-ups.

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.

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Real-world examples to inspire

U.S.M.Holdings
United Super Markets Holdings Inc.

United Super Markets: Accelerating digitalization in the retail space

United Super Markets Holdings (USMH) is a joint holding company established in 2015 through the merger of three supermarket chains: Maruetsu, Kasumi and Maxvalu Kanto. The company operates 521 stores in the Tokyo metropolitan area and Chiba, Saitama, Kanagawa, Ibaraki, Tochigi, and Gunma prefectures.

Challenge

With growing demand for more personalized shopping services, USMH needed a flexible and agile platform for rapid service development and deployment in the retail market.

Solution

USMH has introduced a series of innovative digital services for consumers, including the development of a shopping app that allows customers to pay for purchases with their smartphones without waiting in line at the cash register. Based on the OMO (Online-Merge-Offline) concept, the company is accelerating DX with greater bidirectional interaction between online and offline business models.

In response to this challenge, USMH adopted Fujitsu's retail headless commerce platform Flexible Commerce, creating an environment in which the front end can be quickly connected to the back end via cloud-based APIs. Previously, each sales channel had its own separate system, and it was necessary to create a new linkage mechanism in order to launch new services. The new environment allows developers to focus more directly on the front end and service development.

Since adopting the Fujitsu Flexible Commerce platform, USMH has been able to introduce new services in rapid succession. These have included its Scan&Go Ignica[1] smartphone-based payment system, as well as Online Delivery, a smartphone-based online supermarket, and Office Smart Shop[2], unmanned shops for office building locations. Most recently, the company launched a loyalty program for customers of BLANDE, a new type of supermarket operated by Kasumi. The program issues special coupons and invitations to in-store lounges that leverage the smartphone customer touchpoint, and has helped boost Scan&Go Ignica usage above 30%.

Purchasing data accumulated on the platform has also strengthened the connection between the store and its users by enabling more accurate product offerings. In the future, the company plans to make even more effective use of this data by automatically recommending products based on the results of cluster analysis, and automatically creating a feedback loop that verifies the accuracy of those recommendations.

Outcomes

- Lead time for the introduction of new digital services has been cut in half.
- Rapid introduction of a Scan&Go Ignica smartphone app has revolutionized the customer shopping experience.
- Enhanced development agility enables monthly enhancements to service functionality to be rolled out quickly.

[1] Product name for "Fujitsu Flexible Commerce" was "Brainforce API Platform" in Japan.
[2] Consumer facing service name by USMH

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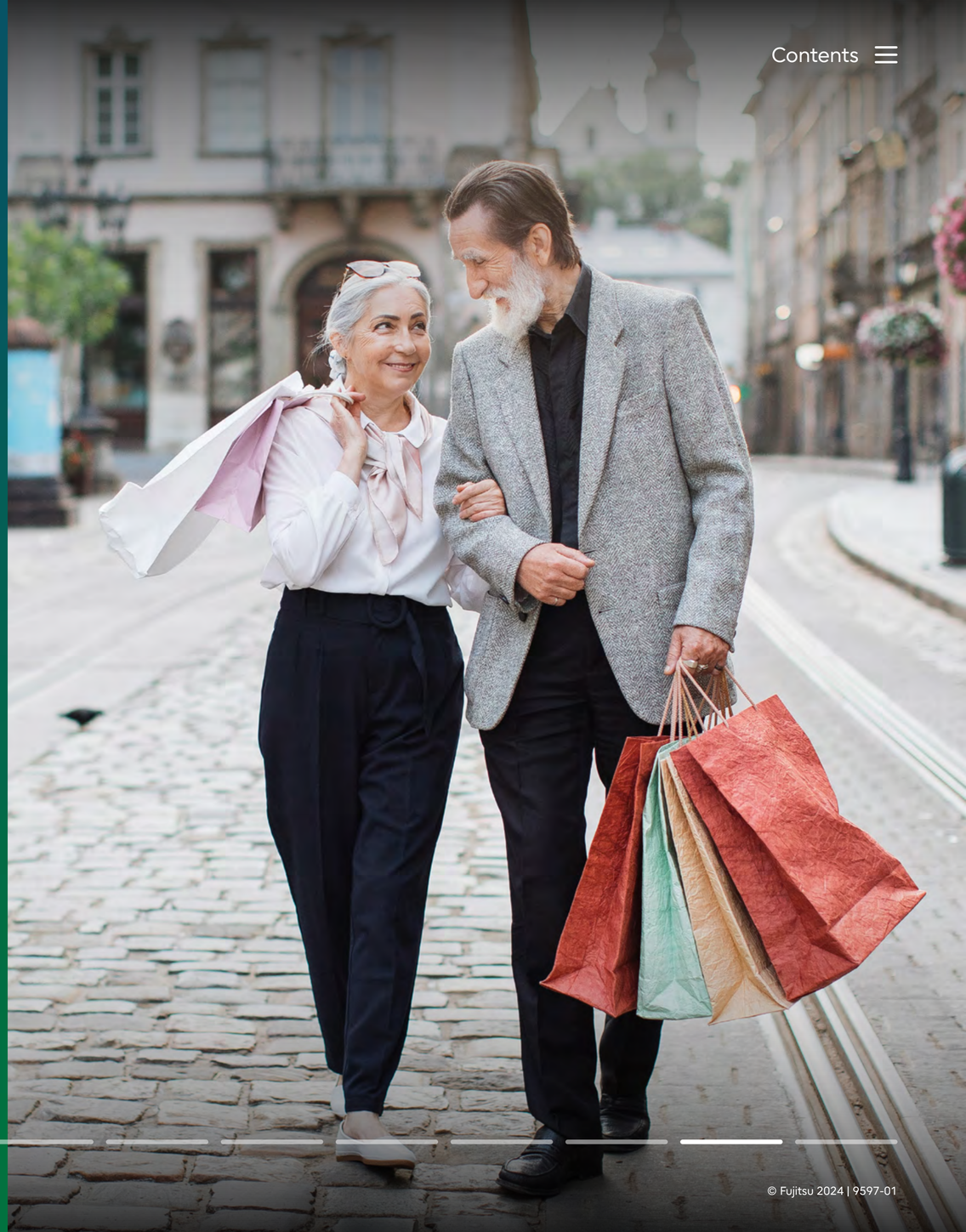
Let's deliver the future of sustainable retail

The retail world is no longer confined to one way of shopping. Opportunities to redefine customer experience are already out there – and future success belongs to the innovative retail organizations that seize these possibilities.

Imagine a world where consumers can flow effortlessly between digital and physical touchpoints. One where organizations can launch innovations in weeks with AI insights that personalize every interaction, both physical and in the metaverse. A world where unified commerce platforms and composable solutions make it easy to surprise and delight every customer. Where modularity means you only pay for the capabilities you need. Where your investments in technology can have a positive impact on the planet.



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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**

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