

Commercial Solutions

# THE RETAIL REVOLUTION

Strategic Solutions to Help Retailers Thrive in Disruption

## Opportunity & Risk in a Shifting Landscape

Today's retailers are facing demands for convenience, value, and connected solutions—all to create the ultimate consumer experience. The opportunity for game-changing success is stunning, but the benefits are matched by some daunting challenges. From cyber security to privacy, retail leaders must understand this revolution to reap its rewards while minimizing business threats.

### The retail revolution is in response to four key factors:

#### Technological advances are in their infancy.

GPS-enabled mobile devices, social media, and facial recognition technologies are driving integrated services and new sources of revenue. In 2014, retail mobile ad spending increased by more than 400%. The use of social networks by the shopping millennial—with 57% comparing prices and 24% seeking opinions—opens the door for new, highly tailored customer interactions. Retailers who seize the opportunities of emerging technologies will stay out in front.

#### Analytics are creating the ultimate consumer experience.

Retailers are profiting from advances in data science, with an estimated 10% increase in sales from implementing data analytics. The traditional boundaries between brick-and-mortar stores, e-commerce, and mobile platforms have crumbled, leading 70% of retailers to adopt an omni-channel strategy that links in-store and digital experiences. With increased data capture, there will be more opportunities for analytics implementation and revenue generation.

#### Cybersecurity demands attention from the C-suite.

Retailers are in a tough spot, working to balance innovative opportunities with new and unknown threats. The retail industry is impacted by 24% of all breaches, second only to financial services, with the average cost of a single incident doubling between 2013 and 2014 to \$8.6 million per company. Cyber security is no longer only the purview of IT shops: It requires executive attention.

#### Consumers expect privacy.

Retailers are charged with the responsibility of protecting valuable consumer information. Most mega retailers have modified their privacy policy to avoid regulatory penalties and maintain customer trust. To create a competitive advantage, however, retailers must build comprehensive and integrated privacy programs from the ground up. These programs should include corporate data capture strategies that honor customers' increased demands for convenience, flexibility, and security.

## Navigate the Revolution

Meeting change on so many fronts will lead some to play it safe, but today's retail landscape doesn't favor slow-developing strategies. Retailers need an agenda to excel—and win—now.

### Use analytics to look forward.

Retailers have long used data to understand buying patterns and customer preferences. With advances in analytics, these capabilities can now be forward looking and predictive.

- **Opt in:** Implement privacy guidelines—considering opt-in vs. opt-out models—in tandem with digital listening and targeted marketing to connect with consumers in a new light.
- **Put data to work:** Develop prioritization models to collect the right data. Build dashboard analytic tools to uncover relevant, consumable, and actionable insights.

### Blur the distinction between storefront and web.

The “us versus them” of brick & mortar and online retailers is obsolete. Consumer electronics advance quickly, and you operate in their world and according to their needs.

- **Embrace mobile:** Invest in geo-location, m-commerce, and other mobile capabilities.
- **Be social (not just online):** Integrate social media and targeted marketing into all sales platforms and merge mobile into the storefront to drive digital customer interaction.
- **Anticipate the next change:** Deploy an innovative trend forecasting capability to understand where your next challenge may lie.

### Invest in the right security.

Borrowing ideas from government and the financial sector, you can make smart investments in new cyber security capabilities that help prevent attacks or limit their impact.

- **Start with the basics:** Adopt secure data transfer solutions, track cyber traffic, analyze and elevate anomalies, and be ready to act when something goes wrong.
- **Know your adversary:** Analyze threat actors' known behaviors to understand, identify, and prevent targeted attacks.
- **Know your weaknesses:** Map your ecosystem to identify all connectivity points so you can visualize your risk.

### Embrace privacy as an opportunity.

While more customer information is available, all of that data needs protecting. To maintain customer trust, privacy must move from back office compliance to executive priority.

- **Design for privacy:** From data management systems to social media campaigns, make privacy part of the discussion from the start.
- **Recognize the brand impact:** Get privacy wrong, and you risk derailing your reputation. Get it right—especially compared to competitors—and gain a brand-elevating opportunity.

With a focus on customer experience and the right solutions to support that strategy, retailers can transform to mitigate risks caused by disruption and realize market opportunity.

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