NTT DATA

Digital innovation for retail

How new technologies are meeting client needs

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The retail sector is transforming rapidly and profoundly amid changing customer expectations, technological advancements and competitive pressures. **Retailers need to adapt to survive and thrive in the digital age.** How should CIOs guide their organizations to embrace digital innovation?

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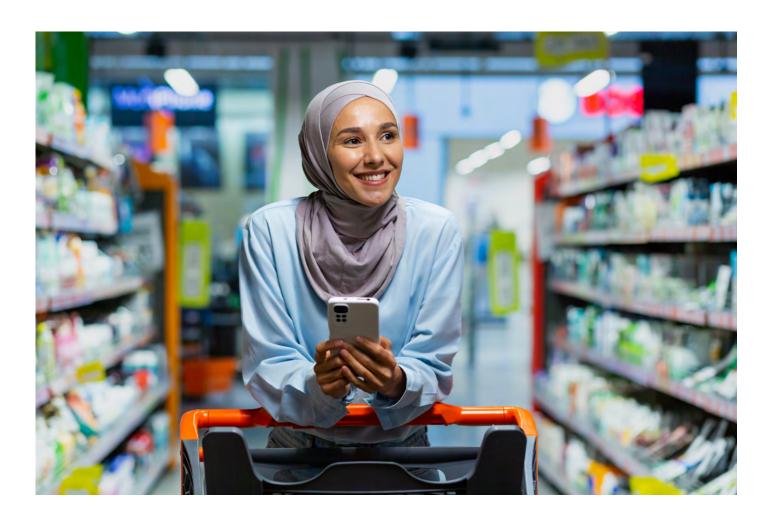## Contents

Retail is changing in unexpected ways

The ratio of physical stores to online shopping is shifting once again – this time, unlike one might expect, because physical stores are making a comeback. Some customers simply want to avoid expensive delivery fees, while others prefer a tangible shopping experience. In response, retailers are improving in-store experiences by implementing new store formats and technologies.

Retailers are facing a fundamental challenge – how to grow revenue and profit in a retail market that is not growing. The answer is to increase market share by improving customer experience to attract and retain new customers and achieve a greater share of wallet.

Because social commerce now complements traditional shopping with real-time engagement and personalized advice, customers expect a personalized experience whether they're interacting with a brand online, in-store or through WhatsApp. Digital innovation enables retailers to generate these personalized insights, optimize their pricing strategies accordingly and work more efficiently.

The accelerated adoption of technologies such as AI, data analytics and industry-specific cloud platforms is supporting these advancements. Global research for NTT DATA's **2023 Global Customer Experience Report** shows that more than 9 in 10 retail organizations are investing more in digital technology to counter economic pressures. Furthermore, emerging trends like social commerce, an increasing focus on sustainability and the advent of the metaverse are also shaping the retail landscape.

Delight customers with loyalty programs that increase retention

92% of retailers say that improvements to CX have had a direct impact on their organization's bottom line; the majority say significantly so.

To thrive, retailers must expand their digital infrastructure and use AI to create seamless and personalized omnichannel shopping experiences.

AI-driven recommendation systems can analyze customer interests and behavior online and in-store to offer personalized product suggestions and promotions. Retailers are also employing multisensory stimuli (for instance, some shops now have signature in-store scents that complement interactive displays, music and lighting) and are incorporating storytelling in their promotional activities and on social media.

For loyalty programs, retailers need personalized, tiered and gamified solutions. A tiered membership system where customers earn points for purchases that can be redeemed for discounts or special offers can significantly enhance customer engagement.

Our case studies on leading retail clients show that implementing personalized experiences and loyalty programs can increase customer retention rates between 10% and 20%. For instance, one major retailer reported a 15% increase in annual revenue after revamping their loyalty program to include tiered rewards and personalized marketing.

Use AI to improve customer service, engagement and sales

80% of operations managers say AI and automation are having a significant impact on removing drudgery from agent interactions.

The integration of AI-powered virtual assistants into ecommerce platforms can improve customer satisfaction, raise conversion rates and reduce operational costs, making it a strategic move for retailers that want to improve their digital presence and operational efficiency. Virtual assistants can answer routine customer inquiries, provide personalized shopping experiences and offer full-time support across channels.

A chatbot can assist customers by suggesting products based on their browsing history and preferences. For instance, if a customer is looking at winter coats, the chatbot can recommend related items like gloves and scarves, explain product features and offer discounts or promotions relevant to the customer's interests.

NTT DATA has created a virtual assistant for a leading international cosmetics brand that offers customers beauty and makeup advice and recommendations. Able to understand nuance and context, the assistant can provide accurate and highly personalized advice on makeup and skincare – and it goes a step further by recommending products that are customized to each customer's needs and circumstances. This creates a seamless and intuitive shopping experience.

Engage employees to deliver exceptional customer service

Employee experience has become the number-one C-suite priority and has been redefined to focus on technologies that enable the employee, drive empowerment and create optimal efficiency.

Employees shape the retail customer experience (CX), whether customers interact with them in-store or through digital channels. Retailers should provide the right tools, training and culture to foster employee engagement and motivation.

When employees can access the right information at the right time, they can meet and even anticipate customers' needs. However, when retailers implement technologies that facilitate ease of work and communication, they should not neglect training and development programs to keep employees up to date on product knowledge, market trends and new tools and services. These programs will also benefit customer service. For instance, immersive customer-service scenarios in virtual reality can teach employees how to manage real-life situations.

Cultivating a culture that values employee input and fosters a sense of belonging is another way of boosting motivation and productivity. Regular team-building activities and open forums for sharing ideas can spark greater collaboration and innovation.

These investments in employee experience (EX) lead to greater customer satisfaction. A major NTT DATA retail client implemented a digital tool that streamlined inventory management and customer interaction, resulting in a 30% increase in employee productivity and a 40% improvement in customer satisfaction

A solution that's in tune with your business

Syntphony is NTT DATA's orchestrated product platform that helps retailers to develop and implement business strategies more efficiently. By combining our business consulting services with our technological assets, the Syntphony ecosystem realizes enormous benefits in cost savings and time to market.

The platform supports quality CX through its CX & Design services, including conversational AI and immersive experiences. These services use advanced technologies to create engaging, personalized interactions that delight customers and foster loyalty.

Syntphony's Digital Workplace solutions improve employee engagement by offering tools for content services, employee-focused intranets, knowledge searches, learning technologies and workspace management. This comprehensive approach benefits both CX and EX.

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Value every customer with personalized experiences

Offering great CX for every customer is at the core of successful retailing, supported by new store formats and technologies. Customers want to be treated as individuals and receive exclusive benefits and customized recommendations. Data and analytics are key in personalizing customer interactions and helping retailers to improve their operational efficiency, while emerging technologies are paving the way for immersive experiences and business growth.

Contact us

Visit our website to explore how Syntphony can help you create great retail experiences.

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List of abbreviations

AI	artificial intelligence
CIO	Chief Information Officer
CX	customer experience
EX	employee experience
GenAI	generative AI