Relevance in the Digital Age

Gérald Poncet and Michelle Evans

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FOREWORD

"Relevance in the Digital Age" is the third installment in a series of four white papers exploring the modern consumer market and how companies are adapting to the staggering pace of technological change.

On the heels of the first paper, which discussed technology's impact on the consumer experience, and in tandem with our just-released costudy with IDC "The Future of the Supply Chain: Disrupt or Be Disrupted," this paper takes an even broader view of the landscape and reviews companies staying relevant with end-to-end solutions that leverage the latest innovations. We provide a range of examples and case studies featuring both long-established companies and brand-new startups. We discuss what separates the industry's digital leaders from its laggards. And we dig into the enterprise solutions available to companies ready to step up their digital game and truly compete in the modern era.

Oracle and Euromonitor have partnered on this white paper, bringing the best data and research available. We hope the combination of Euromonitor's market research and Oracle's trusted provision of best-in-class, cloud-based software solutions and deep industry knowledge will make for an informative and engaging reading experience.

Please enjoy, and let us know what you think.

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INTRODUCTION

The pace of technological change has accelerated over the past few years. For companies in the retail and consumer goods industry, the challenge to keep up with emerging and disruptive competitors that are capitalizing on consumer demands and using the latest technology available presents perhaps the greatest challenge to an industry long used to stable growth and returns for its shareholders. From blockchain and artificial intelligence to augmented reality and voice recognition, these and other new tools present brands with an opportunity and a challenge: Innovate or disappear.

Let's start by stating the core business beliefs of top-performing digital leaders.

- Technological advancement is not slowing down
- The world we live in is customer-centric
- A positive end-to-end customer experience is imperative to success
- Data drives business decisions
- Cloud is the top technology companies are planning to invest in over the next five years[i]

A comprehensive transformation is now underway and unstoppable, where companies who fail to modernize risk becoming ever-more irrelevant and ultimately left behind.

The concept of digital relevancy is a balancing act between the need to keep up with new, digital developments and staying true to, and/or wholly re-inventing brand identity.

It's also about making sure technology is useful while elevating the overall customer experience. Simply put, digital relevancy must be a top priority for business survival.

A GLIMPSE OF THE FUTURE

It's 2025. You're panicking because you just found out you'll have twice as many guests as expected for the birthday party you're hosting tonight. On top of that, you have nothing to wear. It's time for technology to save the day.

- You ask your smartphone's voice assistant to show you personalized outfit recommendations from your virtual stylist, and you try them on via augmented reality (AR) to see how they might look on you.
- You quickly select the retailer that has your size in stock today and add it to your cart.
- You then tap into your refrigerator's livestream for a view of what food you have on hand.
- Your refrigerator syncs with your home delivery account and an algorithm automatically adds a curated list of recipes and missing party items to your cart, based on your input of the revised number of guests.

Nice. Progress.

- To supplement what the algorithm suggested, you pop in to the "grocery store" through your virtual reality (VR) headset and throw a few last-minute items into your cart, which is integrated across all apps and platforms.
- Finally, you place the order—including your outfit and the food—and request drone delivery to your doorstep within two hours.

That was easy.

- But wait! You planned a birthday toast and you forgot the champagne. As you jet out of work, you give your smartwatch the voice command, "Hey, order me six bottles of champagne for pickup near home." You stop by the pickup location and grab the bottles of bubbly, which were automatically paid for when your voice assistant ordered them.
- While in your smart car, you receive a voice message from your sensor-based system: your scheduled package will be delivered a few minutes after you arrive.

That's what the future looks like from the consumer's perspective. But what does the path to digital relevancy look like for retail and consumer goods companies?

"They want apps that let them buy instantly on demand, and shorter creation cycles, and flashy new shoes faster. And they apparently want to feel better about what they buy. Times have changed, and the zeitgeist has changed, and consumers have changed significantly."

Andrew McCaskill, Senior Vice President of Global Communications at Nielsen[ii]

TODAY'S CONSUMER-CENTRIC REALITY

Forget 2025 for a moment. Today's technology—here and now—has already changed how we consume information, spend our time, and make purchases.

Consider the way we used to do things less than eight years ago compared to how we do them now.

CONSUMER ACTIVITY	THEN	NOW
Getting around	Wait 30 minutes on the curb for an available taxi, or call a taxi service	Order an Uber or Lyft from our phone, which arrives in less than five minutes
Eating out	Drive to a restaurant, wait for a table	Order delivery with a few taps on the phone, or reserve a table online
Shopping	Go from store to store comparing prices and hope your product is in stock	Search online to find the best possible prices, product selection, and availability
Vacation planning	Call a dozen hotels	Input preferences on Airbnb and get an instant list of ideas
Watching movies	Drive to the store and buy or rent physical DVDs	Stream movies on Netflix, Hulu, HBO, Showtime, etc.

This new age of instant service expectations is very quickly putting traditional players at risk. As disrupters develop and implement innovative digital and ancillary solutions to meet customer demand, the pressure mounts on their competitors to keep up.

Who's at the center of this battle for digital supremacy? The consumer.

Today's retail and consumer goods pioneers are finding ways to get information to consumers with immediacy, empowering them to make smarter purchasing decisions. The speed at which this happens is accelerating every day, making consumers more knowledgeable—and more powerful—than ever.

Brand Spotlight: Alibaba (China)

In the past two years, Alibaba has invested more than $US8 billion in brick-and-mortar retail, believing that a foothold in traditional retail is the path to future growth. It's a smart move, given that recent projections estimate that 83 percent of goods purchased globally in 2022 will still be bought in-store.

Source: Euromonitor International Projection

A NEW HOLISTIC COMMERCE EXPERIENCE

As retail and consumer goods companies pivot to a consumer-centric point of view, they are also taking a holistic look at the shopping experience, with the traditional notion of channel segmentation quickly disappearing.

Today's consumers pick and choose how, when, and where they engage with a brand. They shop in a variety of ways, with a simple focus on meeting their needs. To accommodate this audience, we are seeing unprecedented levels of cross-platform movement. Many brick-and-mortar players are now building a more-robust online presence, while ecommerce players, such as Warby Parker, Bonobos, Alibaba, and Amazon are opening physical stores.

For the most part, consumers are channel-agnostic and just want to shop as conveniently as possible. Forward-thinking brands are unifying channels to forge stronger connections with their customers on every platform—delivering a world-class experience powered by the latest digital technology.

THE LEADERS OF DIGITAL COMMERCE TRANSFORMATION

Amazon (US), Alibaba (China), and Jingdong (China) are leading the charge in digital innovation.

These kings of ecommerce continuously shape consumer expectations for the rest of the industry by blending online and offline tactics in unified and unexpected ways—all while maintaining focus on the customer. Data and technology are harnessed to transform the total consumer experience.

Amazon

- Amazon Go's cashierless convenience store concept is up and running in Seattle and Chicago, and is coming soon to New York, Los Angeles, and San Francisco. And on September 19, Amazon announced it is planning to introduce 3,000 cashierless stores by 2021.[iii]
- Amazon inserted itself into the brick-and-mortar realm with its acquisition of Whole Foods, opening the supermarket chain's grocery deliveries to Prime members and bringing its voice shopping to Alexa.
- The acquisition of online pharmacy PillPack takes Amazon down a new path of on-demand healthcare, powered by consumer data and customization.

Alibaba

- As China's biggest online commerce company, Alibaba has formed partnerships with leading organizations including Starbucks and Kroger.[iv]
- Alibaba has generated plenty of buzz with its futuristic, new retail concepts: Hema supermarkets and 'FashionAI' stores.[v]
- The company's Alipay digital payment system is the most popular in China, where mobile payment is already extremely common.

Jingdong otherwise known as, JD.com

- The second-largest Chinese ecommerce company—partially owned by Walmart—has announced plans to open some 1,000 convenience stores per day across China,[vi] and a new online-to-offline strategy for pharmaceutical products.
- JD.com has opened physical service centers providing after-sales service for home appliances purchased from the company while optimizing logistics in rural China.
- JD.com has recently announced plans to enter the US and European markets.

The transformation is underway for brands on the consumer goods side of things as well. The 2016 revenue of large consumer goods groups grew at the slowest rate since the 2009 US recession.[vii] Look no further than Colgate's investment in the contact lens online subscription service Hubble to see that legacy companies are plotting their future carefully. It seems only a matter of time before Colgate starts selling toothpaste and teeth whitening products using a direct-to-consumer model.[viii]

The Honest Company, a provider of natural and eco-friendly home goods and baby products, has taken an industry-agnostic approach by partnering with TaskRabbit to offer an honest home cleaning premium service that leverages TaskRabbit's network of chore-doers using The Honest Company's array of safe, family-oriented products.[ix]

And right on the heels of Amazon, startup Standard Cognition struck a deal with Japanese drugstores[x] to implement an artificial-intelligence (AI)-powered, unmanned shopping experience. Clearly, intense competition is driving leaders such as Amazon to be better and innovate faster.

From ecommerce pioneers such as Amazon to brands like The Honest Company, businesses around the world are blazing a new trail of innovation that continues to transform the consumer shopping experience.

BREAKING FROM THE PAST TO BUILD THE FUTURE

Twenty years ago, major brands held the lion's share of power in retail and consumer goods, and startups were at a serious competitive disadvantage.

But the emergence of new digital business models and products has changed the game, leading to brand democratization and a flood of innovation. As a result, the power of size and scale as barriers to entry continues to diminish.

Here are just a few examples of new companies making a splash.

Vigo by Rema (Denmark)	Similar to Instacart, Vigo users post their shopping list in the app, and their order is assigned to someone nearby who can complete the task and deliver the goods.[xi]
StitchFix (United States)	Leaning heavily on data science and an intimate relationship with the consumer, StitchFix offers apparel and personal stylist services on a subscription model. Hundreds of algorithms deliver optimal product recommendations and send clothing to your door (with free shipping and returns) to perfect the consumer experience.[xii]
Go-Jek (Indonesia)	Starting as a motorcycle ride-hailing app, Go-Jek has diversified to provide foodservice, cargo delivery, home cleaning, and beauty treatments.[xiii]
IntelligentX Brewing Company (England)	Here, the consumer is in charge. AI gathers consumer feedback and runs it through an algorithm that automatically produces recipes for new brews.[xiv]
HelloWine (Chile)	This subscription-based, home-delivery service providers customers with four bottles of local wine each month along with informative content that makes meal pairings easier.[xv]

Delivery of consumer goods and services is now one of the strongest verticals for startups around the world. From companies that deliver food orders to your doorstep to networks of errand runners that do your laundry and shopping for you, consumers continuously show their willingness to pay a premium for convenience with a few taps of an app.

Similarly, the subscription model, having grown by more than 100 percent a year over the past five years,[xvi] has emerged and disrupted nearly every industry. Amazon Subscribe & Save, Dollar Shave Club, Ipsy, Blue Apron, and Birchbox are the five most popular subscription sites in 2018.[xvii]

From meal kits and flowers to beauty, socks, and wine, subscription services are popular and are likely to only become more so as demand and supply chain technologies and processes improve.

The market saturation of smartphones and apps makes the direct-to-consumer model particularly appealing for many young companies. And smart retailers such as Nordstrom are taking note—bringing brands popularized on Instagram (Allbirds shoes, Bonobos clothing, Lively bras) into their stores[xviii] to remain relevant.

Finally, user-generated content (UGC) is another increasingly popular tactic in the social media age. Paired with AI, it opens the door to a whole new business model that has spawned countless young companies.

90%

of shoppers report that user-generated content influences their purchase decision.

Source: TurnTo survey of 1,070 US consumers who made an online purchase in the past 12 months.

All this business-model disruption is good for competition. Newcomers are emboldened to take risks while the retail and consumer goods established players are forced to innovate as a means of survival.

ENHANCING TOMORROW'S CUSTOMER EXPERIENCE THROUGH DIGITAL

In the face of a changing landscape and growing demands and expectations of the modern consumer, it's not enough for companies to react. They must reinvent themselves.

It's essential to take a holistic perspective and think about how to exploit new technologies for continuous improvement of the customer experience—whether it's through unique product experiences on the front end, or improved efficiencies in supply chain management and operations on the back end.

Improvement of these front-end and back-end platforms is creating more micromoments with the consumer. As consumer interaction with technology continues to proliferate, opportunities for engagement along the path to purchase will inevitably increase. The following stats help demonstrate just how digitally connected consumers will be in the very near future.

31 billion

Internet of Things (IoT) devices will be installed by 2020.

Source: Statista

4 gigabytes

Data consumption will reach 4 GB (roughly 300 minutes of video) per person per day by 2025.

Source: Huawei Global Industry Report

This amount of consumer data leaves a huge opportunity to improve the user experience and customer journey, which is seen as the most important commerce-related development in the next 12 months.[xix]

What happens to retailers and consumer goods companies in a market like that? To have a fighting chance, brands must take these micromoments and leverage them to build long-lasting relationships with their customers. Through a combination of multiple sensory stimuli—arts, sciences, nature, technology, and culture—it's possible to actively engage with consumers on a much deeper level.

Millennials

- 72 percent of millennials are more likely to spend money on experiences versus material possessions.

  Source: Harris Group

- Millennials are 4.6 times more likely than other generations to rent products online, and 2.3 times more likely to use sharing services.

  Source: MarketingProfs

Brands around the world are piloting customer experiences fueled by the latest technology. As AR evolves into more sophisticated use cases, companies are taking their customers from the real world to an AR-enhanced experience—giving the term "customer journey" a whole new meaning.

Tree by Naked (Japan)	This Tokyo restaurant uses a mixture of art, technology, and food to design a unique dining experience. The presentation utilizes lighting, projection, VR, and AR to let guests follow a tree through the seasons and witness "the life of a single plate".[xx]
Heineken's Ignite Bottle (Netherlands)	Beer bottles go interactive. Fifty individual components and sensors including LED lights turn your bottle into a connected device—delivering a one-of-a-kind experience through deeper engagement.[xxi]

The rise of biometrics as a powerful force in retail is undeniable. After all, nearly 70 percent of customers are open to using a biometric scan of their finger to authenticate payment when shopping.[xxii] But this is where companies need to be careful. Implementation of biometrics—or any other cutting-edge technology—just for the sake of using it could be quickly exposed as a gimmick. It will take time to educate the consumer and allow them to see how these tools can benefit them and improve their in-store experience.

Here are two good examples of high-risk, high-reward projects using biometrics.

Reebok (United States)

How much time did you spend looking at shoes versus apparel? Reebok installed face detection software in its New York store that's capable of scanning faces and tracking eye movement from up to 25 feet away. It can also capture the age and gender of customers in the store to 90 percent accuracy.

Source: TheVerge.com

Ford and Alibaba (China)

As part of their effort to redefine car ownership in China, Ford and Alibaba teamed up to build a giant car vending machine. Consumers could use Alibaba's Taobao or Tmall shopping apps to take a selfie, verify their identity using biometrics, and then rent a car for the day.

Source: Euromonitor International

Are these creepy or cool? As more customers see it in action, only time will tell.

The growth of voice commerce offers another innovative way to serve and interact with customers while building a relationship and capturing real-time data. The imminent ubiquity of voice devices such as Alexa, Siri, and Google Home obligates all brands to consider its impact on their business.

By 2020

more than half the searches will be voice searches.

Source: ComsScore

MANAGING CHANGE FROM THE BACK TO THE FRONT

The shifting technological landscape forces retailers and brands to adapt internal, back-office processes as much as their consumer-facing efforts. For example, and as previously argued, rising consumer demand for smooth, fast, on-time delivery will require significant new investments in supply chain technologies and their accompanying processes.

To meet the need for transparency among today's customers, companies are looking at product traceability and last-mile solutions that improve openness, ease, speed, and flexibility of transfer. Sensor-based technology enables companies to track products from the moment an order is placed, all the way through the supply chain, until the moment it reaches the customer's doorstep. This leads to the ultimate goal: more timely deliveries and a fully transparent process.

Entire companies are now built on transparency —for example, Label Insight harnesses big data to deliver detailed product information that satisfies consumers' growing need for data-powered transparency, especially when it comes to the food they consume.[xxiii]

The power of machine learning and robotics to improve efficiency and fulfillment is also clear. Robots handle the loading of goods in warehouses while driverless trucks take care of shipment, resulting in a faster delivery time.

Etam (France)

The leading designer and retail distributor of women's lingerie and ready-to-wear fashions is testing new ship-from-store services. The company will now offer express delivery, real-time shipment tracking and home try-on, whereby customers can return unwanted items and pay later.

Source: Etam.com

Carrefour (France)

The retail leader responded to consumer demands for more transparency, launching Europe's first food blockchain, which offers full supply chain traceability on eight product lines including free-range chickens.

Source: Reuters

The ability of AI to read massive amounts of data facilitates mass customization and more advanced planning on the back end. Forward-thinking companies are turning traditional products into a service—Amazon Dash was an early adopter of this strategy, ordering refills of everyday products at the push of a physical button connected to your online shopping cart.

That was just the first step toward smart appliances and new consumer-facing solutions such as commerce-enabled objects.

The possibilities for enhancing the customer experience are endless. But all the smartest technology and the most innovative people in the world are ineffective without appropriate software underpinning everything they do. The rock-solid foundation for all this digital change is the cloud. Cloud-based management solutions provide real-time supply chain visibility on the back end while helping companies meet increasing consumer demand on the front end.

Wondering where to begin? Start by reimagining your business, processes, and experiences with these cloud-based software solutions.

Modernize Operations and Empower People

As one of the largest grocery wholesalers and retailers in the United States, SuperValu has selected a cloud technology platform to enhance the performance of its finance and HR functions to deliver more-robust capabilities for its customers.[xxiv]

Create Your Own Intelligent Supply Chain

FEMSA *Logistica* manages logistics operations for Coca-Cola. Using a cloud-based transportation management platform allowed them to better plan and manage routes and deliveries. The result? A 95 percent on-time delivery rate on more than 8,000 deliveries per day.[xxv]

Drive a Seamless Omnichannel Customer Experience

Italian fashion company Miroglio's 12 distinctive womenswear brands operate more than 1,100 stores, six e-commerce sites, and 2,400 wholesale outlets in 34 countries. As part of its Retail 4.0 initiative to foster innovation, drive efficiency, and increase performance, Miroglio deployed a cloud-based omnichannel platform in 2018.[xxvi]

Find and Retain the Best Talent

Macy's faced internal and external market challenges that drove the HR team to transform itself, developing a transition strategy to build the HR organization of the future. A modern and unified HR team could execute an integrated people strategy, including the advent of contemporary technology (cloud-based Human Capital Management) to reduce costs and enable simple, standardized, efficient processes. Macy's reduced 1,800 processes to less than 200, eliminating costly redundancies and bringing agility and speed to its HR operation.[xxvii]

Enhancing the customer experience is about more than harnessing the latest consumer-facing technology. Internal systems and procedures must also go under the microscope and be ready for reinvention—whether that means changes to people, process, or (most likely) both.

Zara (Spain)

On the Click-and-Collect pilot program, shoppers arrive at pickup stations and scan a bar code activating an in-store warehouse robot. The robot finds the package and delivers it to a drop box for pickup.

Source: RetailWire

Disney (United States)

Disney's Magic Band technology changes the way we attend amusement parks, streamlining the customer journey with integrated passes, tickets, hotel keys, and payments—all of which provides real-time data to manage the flow of visitors.

Source: Wired.com

CHALLENGE INDUSTRY CONVENTIONS TO SUCCEED

Macy's executives recognized the need to improve and invested in new tools to get there. That's what leading companies do—fully embrace the changes in organizational structure and workforce management required by the digital revolution.

From a business perspective, the capacity for constant innovation in today's world and the world of the future is vital. Companies unwilling to rethink their workforce and challenge their own decades-old assumptions will quickly find themselves with an insurmountable gap to overcome in identifying, attracting, and retaining top talent.

Forward-thinking companies are willing and able to properly educate their employees about new technology while at the same time avoiding customer confusion at the point of sale.

These vanguard companies also appreciate the power of advanced analytics, investing heavily in information technology, and understanding the need to either optimize or retire legacy systems.

On the other hand, lagging, risk-averse companies, are already lamenting their slow start in leveraging technological realities of our time. In the battle for digital relevance, every company's approach to innovation is dividing entire industries into two groups: leaders and laggards.

	LEADERS	LAGGARDS
Innovation	**80 percent** of companies believe identifying opportunities to digitize is a critical part of their innovation process	Only **43 percent** of companies have a team dedicated to digital innovation
Organizational structure	**40 percent** of extensive technology adopters are implementing changes in organizational structure	**10 percent** say a fundamental change in organizational structure is required
Human resources	**36 percent** of extensive adopters believe their HR function will need to change fundamentally	**19 percent** believe the HR function requires change
Technology	**2/3** of extensive adopters **invest more than 25 percent** of their total budget in technology	**19 percent** of limited adopters do the same

Sources: PwC's global digital IQ survey of 2,216 business and tech executives, McKinsey survey of 3,031 C-level execs from US, Canada, France, Germany, Italy, Spain, UK.

In just five years, the chief digital officer has gone from the seventh seat of digital leadership importance to the second.[xxviii] And yet 20 percent of companies say their executive team lacks sufficient knowledge to lead the adoption of new technology,[xxix] and only 15 percent of global professionals see their company as setting the pace for digital transformation.[xxx]

Obviously, not everyone is getting the message.

- Fewer brands are increasing their IT budgets,[xxxi] but...
- IT budget increases are larger in 2018 than previous years[xxxii]—an indication that industry *leaders* are going all-in, while the laggards are falling even further behind.
- Compared to retail leaders, twice as many retail laggards identify retiring legacy systems and optimizing stores as a significant problem to be solved in the next 18 months.[xxxiii]

The leaders have already retired legacy systems and are reaping the benefits of increased flexibility, scalability, speed, and lower costs provided by these more-modern technologies.[xxxiv] A company that believes a digital revolution is "coming soon" may already have missed their opportunity.

AVOID GETTING LEFT BEHIND

There are countless examples of companies that failed to innovate and therefore failed entirely. Here's a particularly astounding fact...

> Digital disruption will wipe out 40% of Fortune 500 firms in next 10 years

Source: Information Age

Take these as cautionary tales along the path to digital relevance.

FAILING TO RECOGNIZE DISRUPTIVE INNOVATION	
Blockbuster Video (United States)	Unable (or unwilling) to transition to a digital model, Blockbuster filed for bankruptcy in 2010. Back in 2000, Blockbuster had refused an offer to buy Netflix for $50 million. Now, Netflix boasts revenue surpassing $US9 billion.[xxxv]
Procter & Gamble (United States)	Procter & Gamble (P&G) missed the opportunity to capitalize on the consumer trend toward shopping online, while smaller brands also became more appealing than larger brands. P&G's North American market share in razors and blades has tumbled and Dollar Shave Club, acquired by archrival Unilever, played a role in the impact on the company's performance.[xxxvi]
Sports Authority (United States)	Once the largest chains of its kind in the US, Sports Authority filed for bankruptcy in 2016. The company failed to innovate and differentiate itself as a brand for years. Moreover, it wasn't nimble enough to adapt to quickly changing consumer fashion trends, particularly around athleisure. Lastly, it invested in ecommerce far too late and was unable to compensate for the mass consumer movement to online shopping.[xxxvii]

"It is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself."

Dr. Leon C. Megginson
Louisiana State University, 1963

"Amazing things will happen when you listen to the consumer."

Jonathan Mildenhall, Cofounder and CEO, TwentyFirstCenturyBrand

DIGITAL RELEVANCY: THE KEY TO SUCCESS

So how do companies become leaders rather than laggards? What are the keys to becoming a success story rather than a cautionary tale?

To remain relevant now and in the future, the product must take a backseat to the consumer. Winning companies are leveraging real-time data to move from an obsolete product-centric model to a new one that is consumer-centric.

That said, in today's omnichannel world it is imperative to adapt appropriately. With an abundance of social and ecommerce platforms to engage directly and successfully with consumers, digital should drive the offline retail experience—not vice versa. Most old-school retailers still fail to understand this.

Technology isn't slowing down. It will continue to evolve and digital relevancy will be a moving target for every company. The best way to ensure success? Build a strong, agile foundation with systems that allow for

- Approaching decisions through a consumer-centric lens
- Collecting data in real time, smart analytics, tracking, and customer interaction
- Having an easy and engaging interface for a positive user experience
- Having the right technology for the right purpose

Big data is a true game-changer, but with machine learning and artificial intelligence, leading companies are finding a significant return on investment in projects that create opportunities not just by gathering data—on products, consumers, locations—but in leveraging it more fluidly. That data, now funneled into a digital value chain, is turning key insights into critical and timely decision-making, spawning new services and engagements that better meet the needs of today's connected customers.

This is where legacy systems factor into digital relevancy. It is particularly challenging for older companies to innovate with data because they've already invested heavily in outdated IT operating systems that are not agile enough to adapt.

So, tread carefully and think deliberately. The blind adoption of technology for technology's sake is almost always a bad idea.

"In today's world of exponential change, organizations that get too comfortable with the status quo are at major risk of disruption."

Andrew Vaz, Global Chief Innovation Officer, Deloitte[xxxviii]

Natura (Brazil)

The Brazilian beauty products company created a new collaborative ecosystem, encouraging sales consultants to socialize, share ideas, and support each other using a digital platform that combines gamification, artificial intelligence, and big data.

Source: Project Breakthrough

CONCLUSION

Change is real. Change is now.

Retail and consumer goods companies around the world are coming to terms with the concept of digital relevancy. Urgency is critical, and companies must be nimble enough to keep up. Executives who underestimate the risk of lacking an immediate digital action plan are left to deal with the consequences, and many of their companies have already been swept into the dustbin of history.

Here are some key points to remember.

- Retail and consumer goods organizations can no longer be purely focused on products. Experiences and services that leverage technology are now in demand.
- It all starts with the consumer. Embracing a consumer-centric business model is the most direct path to digital relevancy and staying power.
- Regardless of company size, a focus on agility fosters digital innovation.

At the same time, keep in mind that digital relevancy is about more than just technology. Too many companies get seduced by hot, new technology, forgetting that staying relevant is a good old-fashioned blend of people, processes, and technology that's fast, flexible, and agile.

The list of technological advances is long and growing fast: AI, VR, AR, machine learning, biometrics, facial recognition, voice control, IoT, blockchain and more. But the most successful brands are looking beyond the buzzwords and laying the foundation for competitive advantage in the new digital landscape. They are leveraging technology trends to wow the consumer while doing their due diligence behind the scenes to make sure proper systems are in place to support the impressive high-tech display.

Industry leaders will read this paper with an understanding nod, already identifying stretch opportunities. Laggards will read it perhaps with a little distress yet realizing the need to innovate or else.

In our fourth and final white paper in this series, we will explore not just what leading technologies are transforming the consumer markets, but what does it actually mean to be an agent of transformation.

In summary, there's no better time than now to reinvent a company and catch up to the technology. A phased adoption of cloud-based systems is one effective way to reach that goal and set a firm foundation for the future. Get started today and you'll achieve digital relevancy before you know it.

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