Retailers face a complex array of pressures in today's omni-channel environment and are hindered by limited data visibility/accessibility. Modern, truly unified all-in-one retail platforms enable retailers to overcome these hurdles and drive business success.

The Power of Unified, All-in-One Retail Platforms to Unlock Operational Efficiency and Better Business Outcomes

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Introduction

Today's retailers face a complex array of pressures from evolving customer expectations/behaviors and changing macroeconomic trends while struggling with ongoing issues from legacy/unmodernized IT that limit efficiency and the effective use of data.

Retailers are seeing new customer expectations for personalized, seamless omni-channel shopping experiences across all channels, including real-time, accurate in-store inventory visibility when shopping online and relevant, personalized promotions when shopping in-store. At the same time, retailers are seeing diminished customer loyalty in the post-COVID-19 pandemic world, with shoppers much more willing to walk away from brands that don't meet their new expectations. Evolving macroeconomic factors are creating additional pressures, including rising labor costs/labor shortages, increasing supply chain disruptions, growing shrink and loss, and increasing cybersecurity threats.

When retailers embark on journeys to address these pressures, they may face internal roadblocks from legacy IT and siloed systems that can limit agility/scalability, access to integrated omni-channel data, and the ability to gain much-needed real-time data insights (see Figure 1). This makes digital transformation efforts enabling unified, integrated data and systems an essential part of the solution to overcome roadblocks and drive greater efficiency. A modern retail platform incorporating data from across all retail operations and enterprise resource planning (ERP) applications can be a powerful solution for retailers to address today's challenges and drive improved business outcomes and competitive differentiation.

AT A GLANCE

KEY TAKEAWAYS

Benefits of a truly unified end-to-end retail platform:

» Provide a single point of truth across omni-channel retail operations. All data is centralized in one platform accessible by all systems.

» Improve agility and efficiency with fast access to new data insights. By leveraging centralized data from across operations, retailers can gain business insights more quickly.

» Create new opportunities for competitive differentiation. With an end-to-end unified platform approach, retailers can more easily add new initiatives/features.

FIGURE 1: *Retailers' Biggest Internal Challenges to Staying Competitive*

Q *What are the top internal business challenges to staying competitive in the market for your organization?*
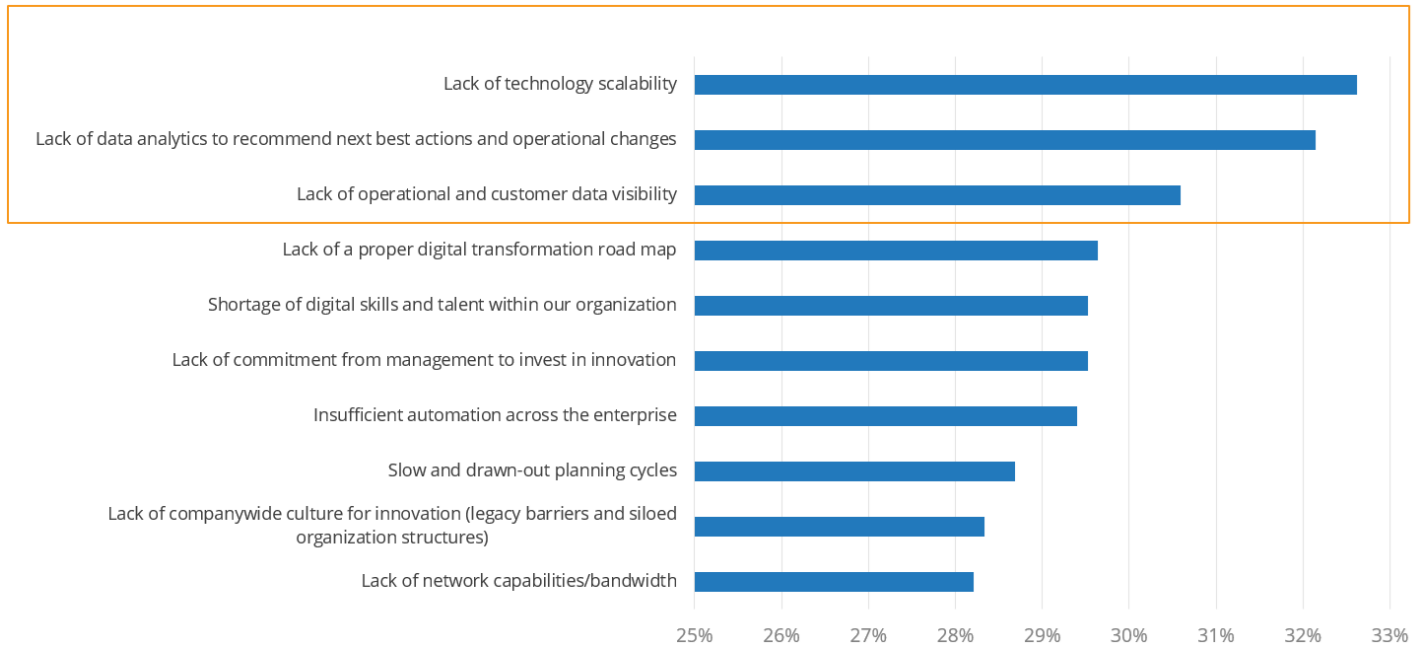
n = 840

Source: IDC's Global Retail Operating Models Survey, July 2023

Benefits

Modern, composable retail platforms that are truly unified are designed with ERP applications built in rather than bringing in this data separately as an integration. Unified retail platforms with a centralized data layer and seamless integrations with enterprise applications, such as HR, finance, and customer relationship management, enable all the important benefits retailers gain with unified retail applications, operations, and ERP data. However, the integrated ERP approach can unlock an even greater degree of benefit for the omni-channel retailer looking for an end-to-end, one-stop, unified commerce platform. With the integrated ERP approach, all retail modules, including payments, loyalty, and inventory, share the same data from one central ERP data engine.

Benefits for retailers that want to seize the value of having all their data in one place, without the need for additional data integrations, include the following:

» **Provide a single point of truth across omni-channel retail operations:** Data from various retail modules does not need to be synchronized, as all data is centralized in one platform accessible by all systems, from the back end to the customer-facing end to the front office. This eliminates the ongoing need to ensure data synchronization between modules and can enable more seamless omni-channel retailing with all modules using the same data.

» **Improve agility and efficiency:** With easy access to centralized data for all applications and systems used in-store or online, retailers can gain faster access to data analytics and insights that can inform efficiency improvements. They can also leverage customer insights for new initiatives or changes that can improve business outcomes.

» **Create new opportunities for competitive differentiation:** With the end-to-end unified platform approach, retailers can facilitate new opportunities to improve business. For example, they can build a real-time promotion for a single item in different channels or enable more accurate inventory planning to enhance competitiveness.

Considerations

Retailers seeking to deploy an end-to-end retail platform while keeping a best-of-breed retail or enterprise application they use (or may want to deploy in the future) should consider how the platform vendor can support it. Retailers need to ensure that the all-in-one platform supports open architecture for easy and simple integration with third-party applications. An additional consideration is that a SaaS delivery of an end-to-end integrated platform is optimal for certain retail scenarios. For some retailers, the ongoing cloud concerns or cloud adoption restrictions may be a consideration in taking a SaaS-based implementation.

There is also growing competition as more vendors are offering different versions of integrated end-to-end platforms with varying approaches but the same aim of reducing complexity for retailers struggling with unconnected, siloed solutions. Retailers should take note that integrated end-to-end solutions may seem similar to unified all-in-one platforms, but they differ in architecture and implementation. While opening new options for retailers, this market segment is likely to become more competitive.

Trends

Multiple current retail trends point to the need for unified, centralized data to draw data insights more quickly and easily. In detail:

» **New shopper expectations:** Retailers are under greater pressure to meet new and evolving consumer expectations to retain shopper loyalty. Consumers are more willing to walk away from retailers that don't meet their expectations for seamless omni-channel retail and in-store digital experiences. To stay ahead, retailers need increased agility to innovate and add new initiatives that customers want.

» **A focus on customer experience:** Retailers cite improved customer experience as one of their top goals. Key areas where retailers are investing to achieve this goal include reducing friction points in stores, such as adding mobile POS and self-checkout options, to reduce checkout lines and provide more options to customers. In addition, retailers are investing in solutions to create more engaging customer experiences in-store and online, such as centralizing customer information and using AI and data analytics to create highly relevant, personalized promotions or other personalized communications to show that the retailer really knows the customer.

» **Prioritization of the employee experience:** Many retailers face labor shortages and are prioritizing improved employee experiences to better retain talent and improve business outcomes with more engaged employees. Retailers are implementing various initiatives to reach this goal, including using AI-enabled automation for mundane tasks, freeing associates for more value-added work, providing new employee-focused tools and

applications, such as in-store mobile device applications to provide associates with data at their fingertips, and reducing any friction points/challenges with existing employee applications.

» **A move toward data-driven retailing:** As the amount of retail data is growing rapidly, retailers are increasing their efforts to harness data more effectively for more relevant and faster customer and business insights. This can enable improved business outcomes, reduce operational inefficiencies, and facilitate the innovation of new features and monetization opportunities.

» **An embrace of AI/generative AI (GenAI) solutions:** Retailers are exhibiting great interest and adoption of new AI/GenAI-driven solutions to leverage their data for various applications, including hyper-personalization, price optimization, targeted/relevant marketing and promotions, and optimized supply chain forecasting and planning.

Conclusion

Many retailers are hindered on their journey to provide seamless retail experiences across all channels due to legacy IT and siloed data systems' limited ability to leverage unified data and insights. A unified retail platform that integrates data from across all retail and enterprise applications and channels can be the answer to overcoming current challenges. With this all-in-one platform, retailers can unlock a range of benefits, including greater operational efficiency, enriched omni-channel customer experience, and enhanced competitive differentiation.

Modern retail platforms that centralize data from retail and ERP applications can be a powerful solution to address current challenges and drive improved business outcomes and competitive differentiation.

About the Analyst

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Margot Juros is a research director for IDC Retail Insights responsible for the Retail Technology Strategies research program. Ms. Juros' core research focuses on best practices, trends, market conditions, business concerns, and vendor offerings to provide authoritative advice on investment, life-cycle management, and the use of technologies for modern IT infrastructure. Her research will cover key technologies in retail transformation, including IT modernization, cloud/edge/5G, security, POS/payments, mobile platforms, and network management.

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