Retail transformation turns data risk into reward

EXECUTIVE BRIEF

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FOR RETAIL

To say that the retail industry is currently in a state of rapid transformation would be an understatement. The success of digital commerce pure-play companies in recent years has not only created new, powerful retail brand names but also forced established brick-and-mortar retailers to make changes to their products, services and shopping experiences to meet new customer expectations around digital and physical shopping.

As rapidly as these changes have come, analysts predict that Europe's retailers will see even more online retail sales growth. **According to Forrester, online sales will constitute 12% of the region's total retail sales by 2021.** European consumers will research and buy more products and services online, largely thanks to ubiquitous connectivity via multiple digital devices and services such as convenient, cost-effective fulfilment options that directly improve the customer experience.

The need to deliver a personalized customer experience alongside a streamlined, responsive and secure purchasing journey has caused many retailers to embark on their own digital business transformations. **IDC predicts that retailers' digital transformation investments will triple by 2019**, drawing funds away from store capital and profoundly changing the retail Industry.

Customers increasingly want retailers to fulfil or even predict their needs and desires in real time. Purchasing an item is no longer an isolated event, but part of a seamless, integrated shopping experience that may involve any combination of online store, social media, physical stores, mobile messaging and other connection points. The lines between online and offline shopping continue to blur. For example, **social media influences 33% of in-store purchases, according to Deloitte.**

Retailers' digital transformation investments will triple by 2019.

IDC

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DELOITTE

To drive sales and customer loyalty in this environment, retailers are finding new ways to personalize and differentiate the customer experience. Using new cloud-based technologies such as machine learning and advanced analytics, as well as artificial intelligence, retailers can connect previously siloed businesses areas and revolutionize the way they engage with increasingly knowledgeable and tech-savvy consumers. **More than one-fifth of retailers globally have moved their core business applications to the cloud, according to Forrester,** and **IDC predicts that no less than 40% of new retail applications purchased in 2017 will be deployed in the cloud to speed and secure business objectives.**

DATA AT THE CORE OF RETAIL'S DIGITAL TRANSFORMATION

By deploying a modernized, data-driven technology foundation, retailers hope to create new value streams for competitive advantage. Their challenge is to prioritize and roll out enabling technology investments that vastly improve the collection, analysis, and use of data all while protecting their customers' privacy. As digitalized retailers increase their use of advanced analytics fuelled by the cloud and big data, the ultimate goal is to provide the necessary foundation for the business to leverage customer data in meaningful ways.

Turning data into strategic insight should be at the core of every retailer's digital transformation journey. The opportunity for retailers is no longer in applying data analytics to separate pools of data within siloed retail channels but rather looking for innovative and disruptive opportunities to drive operating efficiencies and customer engagement across all retail channels equally.

By establishing an omni-channel data analytics strategy retailers can combine store, channel, logistics, staffing, and sourcing dynamics together to identify new revenue generating opportunities for retail growth. **According to IDC, 30% of major retailers will adopt an omni-channel digital B2B2C commerce platform by 2018,** improving customer experience, process efficiency, and inventory management.

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FORRESTER

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IDC

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IT IS A MATTER OF TRUST

While companies have a lot of tools at their disposal to deliver a more personalized approach and achieve higher customer satisfaction and increased revenue, some retailers are finding their efforts are ineffective because they make customers uncomfortable by infringing privacy or letting personal information get into the hands of criminals. **According to Wakefield Research, 84% of shoppers would change their shopping habits if their favourite brand were to be hit by a data breach**.

Retailers must strike a balance between privacy and personalization to effectively engage customers. Failure to incorporate privacy into a personalization strategy can bring unwanted results such as customer churn, lack of loyalty, distrust, as well as brand reputational damage. In some cases, regulatory intervention could occur when customers feel their privacy is being threatened.

Just how important is trust in the retailer/customer relationship? **According to Gartner, by 2020, companies that are digitally trustworthy will generate 20% more online profit than those that are not.**

ONLY AS STRONG AS YOUR WEAKEST LINK

Since trust is so important, one would think that retailers would do a better job protecting their customers' most sensitive data. Unfortunately, one only needs to turn on the news to learn about yet another data breach exposing millions of client records. While CISOs, Privacy Officers, Compliance Officers and other similarly-titled individuals think about data security every day, retailers are failing to make data security at top priority for everyone in the organization.

To better understand what retail employees do and do not know about data privacy and cybersecurity, learning services company MediaPro recently surveyed 847 individuals employed in the retail industry. They tested their knowledge across eight different risk areas, including identifying phishing attempts, safe social media use, incident reporting, and working remotely. Respondents were asked a variety of questions based on real-world scenarios, such as correctly identifying personal information and logging on to public Wi-Fi networks.

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WAKEFIELD RESEARCH

By 2020, companies that are digitally trustworthy will generate 20% more online profit than those that are not.

GARTNER

Based upon the responses, **Media Pro gave 71% of respondents a "Risk" or "Novice" rating, indicating that they exhibited several behaviors that put their retail organization at risk of a privacy or security incident**. For example, 26% of respondents thought it was acceptable to use a personal USB drive to transfer work documents when working remotely and 17% of employees took risks when it came to storing sensitive company information, such as inappropriately sending company data using their personal email or saving it via personal cloud-based storage.

The results of this survey strongly suggest retailers need to rethink cybersecurity and data privacy as matters of overall risk management, not just check-the-box compliance based on PCI standards alone. Beyond better employee training, retailers would be well-advised to take a data-centric approach to security and privacy by implementing a data protection platform that allows the organization to make use of sensitive information while seamlessly enforcing data policies and codes of conduct across the enterprise, to protect data and control access to it, regardless of where it flows, is used, or rests. This enables retailers with complex IT ecosystems to consistently protect sensitive information throughout the enterprise, without compromising customer privacy or its business value.

TURNING RISK INTO REWARD

When done right, a data-centric approach to data security can unleash opportunities for retailers that they were previously hesitant to take advantage of. Data and analytics leaders, along with other IT and business stakeholders, routinely but erroneously assume that privacy principles discourage or even prohibit the monetization of personal data. The resistance to the monetization of personal data typically originates from security compliance leaders who prioritize securing personal data over the opportunity to monetize it.

Data is the lifeblood of any retail organization. If it cannot be mined and manipulated in or near real-time while still maintaining security and privacy, it is not delivering maximum value. By implementing a data security platform that protects the data itself everywhere it goes, retailers can achieve the right balance between sophisticated data analysis and risk management that will allow them the freedom to transform and innovate their businesses.

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Protegrity has been helping companies for more than 15 years to protect their data as a core business competency. Our customers include some of the largest multi-national retailers in the world. They recognize that data is a valuable asset which we can enable them to use securely, without restrictive costs or performance roadblocks.

Read more about how Protegrity can help your business

Safely delivering growth through better customer experience

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5 WAYS GLOBAL RETAILERS PROTECT THEIR CUSTOMER DATA

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THE CHANGING FACE OF RETAIL
HOW SHOULD DATA PROTECTION KEEP UP?

1 Personalized experience

CUSTOMERS' ONLINE DATA AND PURCHASE HISTORY WILL REVEAL INSIGHTS FOR TAILORED SUGGESTIONS AND INCENTIVES TO BUY, IN REAL TIME

STRATEGY: Personalization to ensure customer loyalty and increase share of wallet

OPTIMIZATION: Protect private data itself in a way that does not hinder analytics

2 Automated Roles

DIGITAL DEVICES WILL GREET AND SERVE CUSTOMERS AND RUN BACK OFFICE OPERATIONS

STRATEGY: AI to reduce cost and improve efficiency

OPTIMIZATION: Ensure use of data is for legitimate purposes only using granular, role-based access controls for devices utilising sensitive customer and corporate information

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