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The death of cheaper, faster or better

A retailers' guide to mastering CX with speed, scale and security.

A constantly moving target

"Cheaper, faster or better – choose two." That was the old business mantra that most consumer-facing brands bought into. It largely served the retail sector well, with shoppers taking to this simple proposition of trade-offs. But times move on and in most product segments, customers now can demand and expect all three with few compromises.

Perhaps this was inevitable following the inception of the smartphone and the Uberisation of the modern economy? Maybe the die was already cast much earlier with Burger King's era-defining "Have it your way" slogan? Whatever your viewpoint, consumers have never had it so good. High Street on the other hand?

Following a catalog of global economic and health crises, the question right now is whether "cheaper, faster or better" remains relevant. Is this unholy trinity of pledges good strategy for retailers looking to survive and thrive? What about the cost crunch impacting households up and down the country? Does this switch things up for big-box outlets looking to harmonize the retail experience across physical and online spaces?

The most successful brands of the past 10–20 years have accepted that the voice of the customer is a constantly moving target. They are comfortable with it and have an innate ability to reorganise their resources to remain competitive. But, internally, not all teams are made equal. Not every department or operational area can respond at the speed of money. Consequently, the "choose two" principle remains a feature of the retail landscape with one of the three pledges inevitably falling to the wayside.

Under this scenario, another mantra seems to be more appropriate: "speed, scale or security." For those promoting the voice of the customer, the choice is simple – be first and go big. Meanwhile, those in charge of data and compliance adhere to a straightforward choice between speed OR scale. Security is sacrosanct. After all, what's the use of innovation if it's delivered inconsistently or introduces vulnerabilities?

Ironically, many retailers created this dilemma while trying to solve another. Years of investment in front-end technologies to digitise and get closer to the customer has resulted in the very opposite. In the process of opening up to more endpoints, corporate networks have become overwhelmed by the sheer scale of data demands and cyber attacks. In striving for CX excellence, operational stability has suffered.

So, with all that said, is there a way for retailers to have it their way? Is the perfect Venn diagram achievable where there are zero compromises? Read on to find out why it's not only mission-critical for you but for the customer, too.

The dawn of the business technologist

For big-box retailers and national grocery chains, the current cost of living crisis is a puzzle that's hard to solve. Suppliers are struggling to constrain costs, retailers are fighting to keep prices low and households are hunting for bargains – increasingly online.

In parallel, the pandemic has created a new wave of discerning shoppers looking to utilise their time more effectively – choosing only to invest in physical retail experiences that are genuinely fresh and rewarding. The very idea of retail therapy has changed out of all recognition. Consequently, brands targeting these groups are finding it harder to maintain, let alone grow, footfall.

That job in a traditional sense has fallen to the teams capable of devising and delivering in-store and online retail experiences. Namely, those in charge of new-product development, sales, marketing and operations. These specialists know the remit well, but a new type of practitioner has also emerged to bolster brands' agility. The dawn of the "business technologist" has arrived.

In software and professional services sectors, this hybrid role already exists, albeit under a more recognisable job title. The occupier of this position blends technology competencies with management know-how and customer-centric values. In short, they understand the how and the why of any project at a root-and-branch level. They are as comfortable in the boardroom as in the server room.

For brands looking to master the "speed, scale and security" conundrum we posed earlier, the business technologist isn't a manufactured role – it's one born of necessity. At its bedrock, this strategic position looks like an advanced version of the CIO, CTO, CISO and CMO – all rolled into one. The reasons for this are clear: Information, technology and cyber know-how is a powerful weapon for brands looking to create seamless and differentiated retail experiences.

To achieve omnichannel excellence, today's business leaders need an intimate understanding of the physical and digital worlds of retail – without an instinctive compulsion to separate the two. Partners at the Big 4 accountancy practices are adept at tax, audit and advisory. They have a certain specialism, but not at the cost of being a trusted advisor to their client. The two are mutually reinforcing. The same exists in retail. Technology cannot be separated from the customer experience – it's enabled by it.

> **Going forward, the ultimate goal for retailers is to harmonise human interactions with tech interactions to create a personalised experience for each and every shopper.**

Data is key in all of this. But data comes with risks. Risks in how the data is collected, stored, accessed and processed. Consequently, the primary role of the CIO, CTO and CISO is to mitigate these risks. Little wonder they are perceived internally as box tickers and innovation blockers.

But the business technologist doesn't think along such binary lines. To do their role successfully, they know that legacy issues need to be overcome. They recognise the importance of fundamentally changing the way that technology is procured, integrated and deployed.

From technical debt to sales springboard

The pursuit of omnichannel retail superiority is something that big-box brands have contended with for many years. But, without question, it reached a nadir in 2020-21 with the three national lockdowns. Out of sheer necessity, High Street was forced to introduce, upgrade or extend its digital offering – almost overnight in technical terms. In parallel, the IT industry's longstanding skepticism (in some circles) about the legitimacy of the cloud seemingly evaporated. After all, it wasn't just footfall that was prohibited over that period. Access to data centers was denied, too.

> **"The year 2020 has probably been one of the most bifurcated periods for retail software in recent memory. Areas such as order management, E-Commerce, mobile POS, touchless payment, etc., have had very good years as they've proven to be critical technologies in a Covid impacted economy."**

Rising usage: How SaaS impacts the retail landscape, SaaS Industry, August, 2021

Retailers' reaction to the pandemic was to "shop till they drop" when it came to SaaS. With shoppers disappearing from High Street and persistent difficulties in drawing them back, this digital-first policy has been vital in the survival of many High Street brands. But has this front-end technology splurge come at a cost? And, if so, what price tag do we attach to it?

To answer this, it's useful to consider the pre-pandemic landscape and how technology investments were made, who was responsible for them and how they were internally justified. That's because while COVID has sent a shockwave through the retail industry, it hasn't changed the overall direction of travel.

Front-end technology investment has always exceeded back-end infrastructure spend — by several factors to one. This imbalance was simply amplified by lockdown. It's only now that most brands are starting to acknowledge the existence of a "technology debt" that needs to be paid down sooner rather than later. So are lessons to be learned in how all this got started?

In truth, it begins and ends with something entirely healthy – retailers' customer obsession. Brands invested in this tech primarily to get closer to the customer as the pandemic pushed them physically apart. For the technologists charged with enabling this process (CIOs, CTOs and CISOs), "customer obsession" is simply "endpoint obsession" by any other name. Customer data originates at the device, and data is the currency of retail. Understandably, boardrooms obsessed more about the accumulation of data without fully understanding how their systems and policies would cope.

So, as many retailers are learning, you can have too much of a good thing. All things being equal, every device or endpoint is both a benefit and a risk. Hence, we see the decision-making trade-off between speed, scale and security across most tech-focused organizations. With enough time (and enough calm heads), businesses can find the perfect balance of all three. But since when does High Street have the luxury of time? Certainly not when there's a complete footfall blackout like the one experienced during the pandemic.

Something simply had to give in the rush to spin up new e-commerce solutions and digital services. As so often is the case, "go big" and "go quick" won out over "go safely." New front-end projects were greenlighted in record numbers and deployed at breakneck speed to a limitless number of endpoints. A truly nightmarish scenario for any CIO or CTO. Their infrastructure was simply not built to deal with any of this.

To compound matters, their resident engineers, developers and security pros had a further crisis to deal with – cyber attacks. The growing threat landscape we see today is a direct consequence of big brands (and their networks) being more open and accessible. Whether it's for egotistical, financial or geopolitical reasons, the basic fact is that big Western retailers are "fair game" for hackers and other bad actors.

With the benefit of hindsight it is easy to see that a perfect storm was building. While the outside world changed rapidly with endpoints, data demands and cyber threats all multiplying, the corporate network has simply aged in that period – stumbling and creaking along, trying to keep up. This, in short, is the technical debt that retailers have been burdened with. And the price tag is the cumulative total of costs incurred due to the loss of uptime, productivity, innovation and compliance.

Going forward, the business technologist role will be critical in retailers' ability to make long-lasting changes that can strengthen their technology core and improve customer responsiveness. Their business smarts and technical know-how will be key in making sure that customer data is an asset, rather than a compliance headache. They'll be able to accelerate development timelines, rather than putting a handbrake on them. They'll understand how to scale new services without bloating the tech stack. They will turn the technical debt of today into a sales springboard of tomorrow.

Strengthen the core to do more

For retailers to modernise quickly and prepare for growth, there is a clear need to integrate rather than separate in several operational areas. History has proven that siloed people and processes will create poorer outcomes for businesses and consumers. It puts business investment at risk as well as customer loyalty.

Just as the separation of physical and digital channels results in disconnected customer experiences, the separation of front-end and back-end technologies results in less stable, secure and innovative services. No matter how convenient it might be to separate them, they are implicitly bound to one another.

For this reason, CIOs must adopt IT risk management as a key facet of their role — just as CTOs and CISOs must adopt customer responsiveness as one of their own. This "meet in the middle" approach will ultimately result in new services coming forward that can be deployed with speed, scale and security in mind – rather than the "choose two" mentality, which holds retailers back. By strengthening the core of the business – IT infrastructure – retailers can enjoy the perfect balance of outcomes where there are zero compromises; just better planning.

It starts with brands getting a proper handle on their IT estate to better understand what's happening at the endpoint. Most retailers simply don't know how many devices they own or manage. They don't know how many should be legitimately connected to their network. They can't easily identify a genuine customer or employee from a bot or a hacker. For this reason, it's impossible to rely on the data you hold. The very same data that drives sales, marketing, merchandising, operations, logistics – you name it.

> "Devices move on and off corporate networks and store and move large volumes of sensitive data, resulting in an increased number of vulnerabilities and risks that CIOs need to be aware of. At the same time, the impact of a single exploited endpoint is growing. In recent years, we have seen multiple high-profile organisations lose hundreds of millions of pounds from simple, preventable breaches. The result: IT risk has become a board-level concern, and every organisation is now looking for a tangible way to score and reduce the risk carried by their endpoints."
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> **Oliver Cronk**
> Chief Architect at Tanium
> *CIOs and narrative of risk, Professional Security magazine,* May, 2022

Research from Retail Week reveals that "52% of retailers are prioritising spend on consumer-facing technologies compared with just 6% who are solely focused on back-end solutions" (source) with the bulk of the

investment being allocated to areas such as "personalisation, digital payments and customer service."

But this also begs the question: Do retailers have resilience at an infrastructure level to keep up? Can these new services scale quickly if usage and demand takes off? Are brands at risk of losing customers from downtime due to latency, error rates and other network disruptions? Is the IT estate adequately protected from cyber threats such as zero day exploits, ransomware, malware, phishing, DDoS? Most important, are these investment priorities adding to, or reducing, the technical debt?

Retailers, and many other businesses for that matter, will argue that they deploy a "zero trust architecture," which is a prevention-first approach. True, this can be effective – but only as long as nothing changes.

If the brand needs to grow at the edge – beyond its core capabilities – what happens then? In recent years, we've seen e-commerce firms branch out onto High Street and, of course, vice versa in far greater numbers. This points to a constantly changing retail landscape where agile infrastructure is more, not less, important.

> **"Many businesses will fail to see the benefits of their zero-trust efforts over the next few years, while legislation around paying off ransomware gangs will be extended and attacks on operational technology might have real-life consequences, according to a set of cybersecurity predictions."**
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> Gartner, *ZDNet*, 27 June 2022

The back end of retail operations is not quite the glamorous area of business that the shop floor, website or app may be – but it's undeniably where the heavy lifting takes place. By strengthening at the core, brands can build common datasets from the raft of front-end technologies they've deployed. This wealth of usable data, in turn, drives better customer insights and services. It also helps map the entire IT estate to better understand which technologies to kill or keep over time. In this way, low-usage and highly vulnerable services can be identified and removed with ample justification.

This approach not only rationalises the IT estate in terms of size and investment, but it also lowers the overall risk profile of the business. The win-win of having robust and extensible infrastructure couldn't be clearer. Strength at the core lets retailers do more at the edge.

Thoughts from the front line

So, with all this talk of investment and front-end versus back-end priorities, what practical steps are retailers in the UK and EU taking? What are they doing to enhance the customer experience coming out of the pandemic and into the cost of living crisis? Here, we've curated some of their thoughts, observations and rollout strategies.

Tim Kelly, director of new-business development PRIMARK	"We want customers to come and get really great value, but we want them to get more than that. … When you think about the future, we've got 24 million followers across our social media channels. How we link our physical stores to the real world is really important to us. We just relaunched our new website in the UK, which is a better journey between searching online, allowing customers to check stock availability before then going to the store. Connecting our customers with our physical stores in the digital space is really important to us for the future."
Nigel Murray, chief operating officer BOOTHS	"Rather than just being about price or value within the stores, which is obviously what we do offer, we're trying to provide an additional service to help customers think about what they can do in other parts of their life to try to get through some of the challenges that they're facing at the moment."
James Whitehorn, chief development officer KFC UK AND IRELAND	"The future lies in a different kind of retail experience – one that is more digital, integrated, personalised and sustainable. At KFC, this comes to life in three ways. Flexibility – we are moving towards a modular-first mentality, which allows for rapid test-and-learn, as well as greater efficiency and reduced costs when it comes to restaurant upgrades. Digital-first – kitchen robotics, automating decision-making and integrated digital-ordering represent just some of the areas I'm most excited about. Over time we can use this richer data to offer a more tailored and, ultimately, superior guest experience to ensure we outpace the competition."
Tomasz Koczara, deputy omnichannel director RESERVED	"Stock integration is currently the main project for the brand. As a part of this project, we transformed each bricks-and-mortar store into a micro-ecommerce warehouse capable of fulfilling online customer orders. Our customer may buy practically everything we have in stock, no matter the location, and this way we minimise the visible out-of-stock products on our website…When there is little footfall in the store on a given day and we have difficulties with meeting sales plans, the store switches to 'ecommerce warehouse mode' and begins to fulfil online customer orders on a larger scale, which means that we use staff time productively."

Cofounder Daniel Lundh, co-founder
LIFVS (SWEDISH SUPERMARKET)

"The [AI] system always knows what's on the shelves and tells us which products to rotate; for example, if they aren't meeting sales expectations. It's built to meet the bottom line in every aspect. That's taking away all the friction for the staff. Instead of having to manually check for empty spaces on shelves and then process an order, the system does that for us. The human interaction between a service member and the staff trumps every technology, but that person could up their service level if they also were working with a technical platform. Helping them to help the customer. The future of a store will be a hybrid of alternative ways for customers to shop."

Will Trump, head of the behavioral insights group
INSURANCE FIRM SWISS RE

"Human behavior is highly context-specific. Those same people who in one breath are saying 'I do everything online now', in the next breath are meeting up with their friends on the High Street to have a coffee. Human behavior is not a zero-sum game."

Next steps

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