

Future of retail – five areas of action for retail 2030

Future of retail – part 2



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The journey to 2030

Changes in consumer **buying habits** and **expectations** are becoming ever more dynamic. Each and every one of us has become a **point of sale**, researching and shopping in ways that suit us – online, offline, or often a bit of both. Brick-and-mortar stores are still important, particularly if they're easily accessible, attractive and use smart technologies. In all product categories, there will always be some people who prefer in-store shopping, particularly for groceries.

Many retailers will continue to make major **investments in technological development** – although the extent and speed of this change will depend on the levels of funding and agility available in these organisations. AI and sustainability will be the major issues faced by the sector over the coming years.

The future of retail will be heavily dependent on the ability of retailers to **focus** on the right areas and strike the right **balance between customer orientation and cost effectiveness** in their business models.

Following on from our analysis of consumer trends in 2030 (Future of retail, part 1), this study examines what retailers could and should be doing today to secure their position in the market in 2030.

I hope you have an illuminating read!



Dr Christian Wulff

Partner, Retail & Consumer Leader
PwC Germany and EMEA



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Executive summary

Retailers will focus their business models and integrate into the connected consumer ecosystem

Connected consumers

- **Diversity:** The diversity of consumer lifestyles and preferences will become ever more visible because – despite growing complexity – they can be addressed increasingly well.
- **Value for money and lifestyle:** Price consciousness will remain high, but consumers will simultaneously be prepared to spend money on branded products that play into their individual lifestyles.
- **Greater convenience through technology:** Consumers will choose different retail channels depending on the situation. Tech and AI will make shopping easier – both in-store and online.
- **Sustainability in the mainstream:** Regulations, younger generations and retailers will drive sustainability standards.



Consumer goods manufacturers

- **Brand communities:** Strong brands will expand their communities.
- **Direct-to-customer sales (D2C)** will work best where they offer obvious added value (e.g. discounts, exclusive products, special editions).
- **Supply chains:** Manufacturers will become more strongly networked with retailers.

Customer focus



- Personalisation and individualisation
- Adaptive formats and product ranges
- Focused customer touchpoints
- Enabled by consumer data excellence
- Staffing and customer service

Cost effectiveness



- Purchasing and vertical integration (control)
- Operational excellence (automation)
- Back office, employee productivity

Omnichannel enablement



- Frontend: store formats, retail apps
- Operational excellence (product availability, store processes, returns)
- Logistics (especially shared inventories)
- Employees and talent

ESG compliance



- Suppliers (especially EU CSDDD)
- Logistics for the circular economy
- Compliance



Technology fit

- Retail technology capabilities
- Standardising and advancing IT



A

Customer focus

Consumer needs and habits are becoming increasingly diverse, making customer orientation more complex

Preferences and **shopping habits** are becoming increasingly heterogeneous and diverse: **lifestyle and convenience** are having a major effect in many product categories, although **price sensitivity** remains high among European consumers. Consumers are increasingly choosing different sales channels and points of contact with retailers depending on the situation.

Brand loyalty to manufacturers and retailers is particularly important for lifestyle brands. At the same time, **online communities**, product reviews, influencers and **social media-based** shopping are gaining more and more consumer trust. **AI** will increasingly influence what consumers choose to buy.

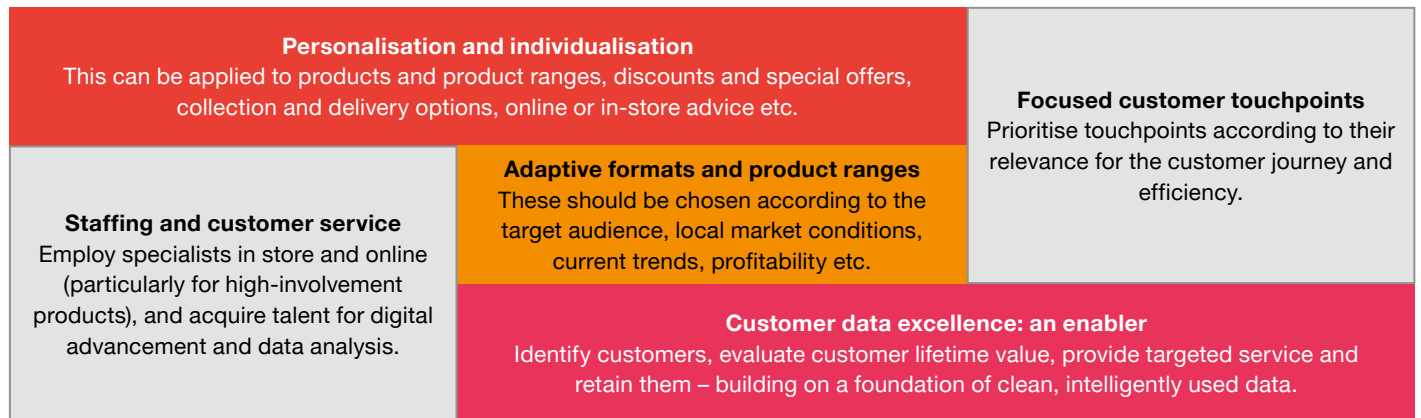
Some specialised, clearly positioned retailers have succeeded: global online retailers such as Temu and Shein have completely transformed the fast fashion market in a very short time, for example. Large **platforms** that serve as one-stop shops – such as Amazon, Allegro, Zalando, Bol and Asos – are continuing to gain market share. These companies uphold high standards in terms of product range, delivery times and customer service.

Consumers have high **expectations** and almost unlimited options: electronic devices allow consumers to connect seamlessly with retailers and service providers (both online and in shops) in order to look for products, purchase them, take delivery of them or return them – retailer apps and instant messaging have become indispensable.

Five key factors will determine the success of retailers in 2030:



Five factors for improved customer focus



Retailers need to know their customers and adjust their business models to suit various target groups.



Customer focus means offering customers a highly personalised and seamless shopping experience across all touchpoints. Brick-and-mortar stores offer an experience and serve as a place to pick up products, giving them a key role in customer focus.

Willibald Kofler

Partner, Customer Strategy & Transformation, Strategy& Austria



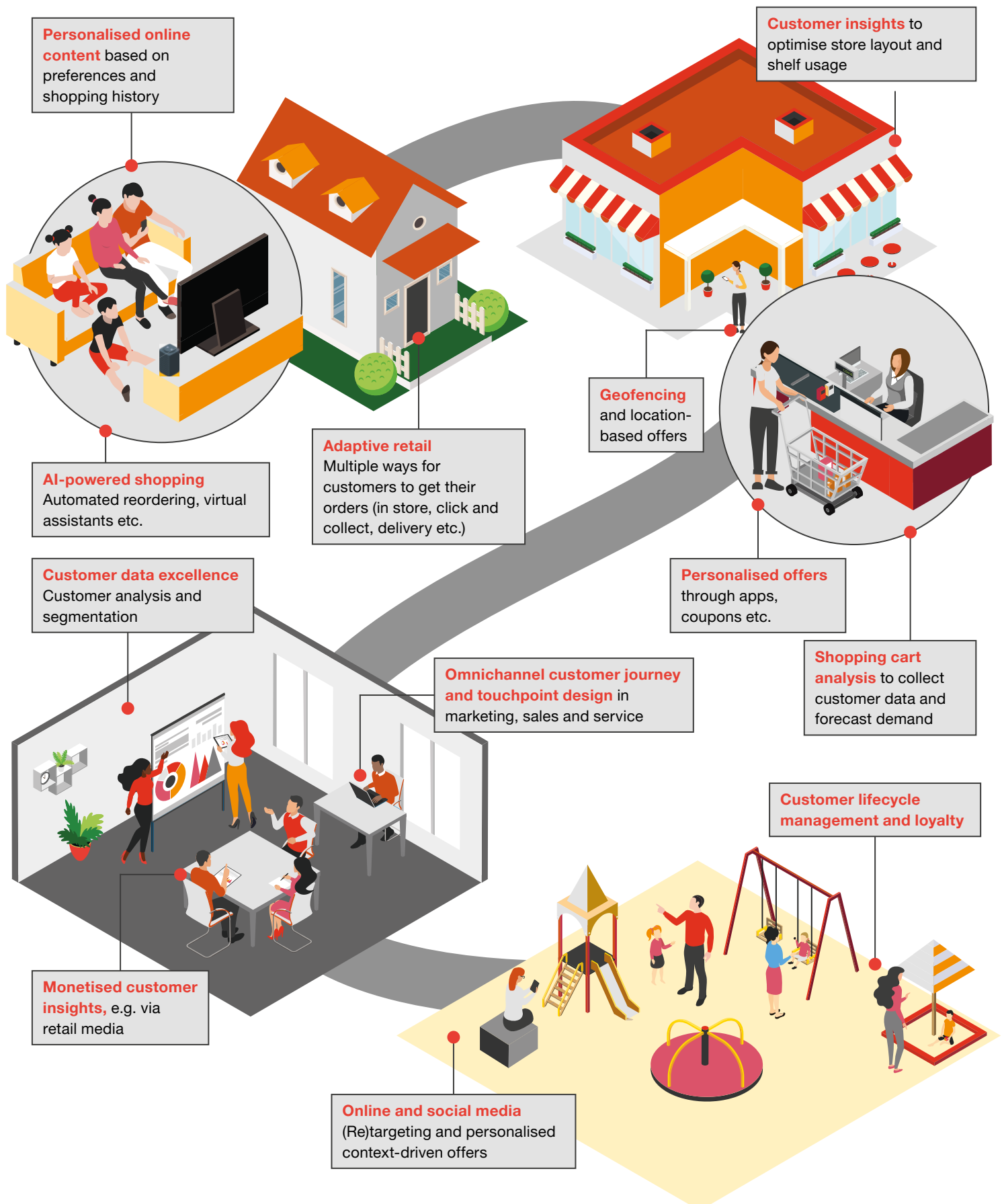
Example

Starting points for retailers

- **Getting to know your customers:** Identify customers (not necessarily by name) and create clean customer data (target groups, personas) to serve as a basis for strategic decision-making – see overleaf for more details
- **Adaptive retail:** Evaluate existing and potential marketing and sales channels (e.g. chats, social media) in terms of their relevance during various phases of the customer journey, and drive targeted development and coordination for a seamless customer experience.
- Regularly (re-)evaluate **store formats/concepts and product ranges** at product level, and modify them to suit their target audience, function (full-line/flagship/convenience store, autonomous micro shop, store-within-a-store, pop-up store etc.) and location (urban core vs. rural, size of area served, accessibility etc.).
- Develop **brick-and-mortar stores** with an eye to their local function – as places for picking up online sales/orders, returns/additional services, or pure showrooms (e.g. in fashion and consumer electronics).
- **Customer touchpoints:** Continuously analyse and evaluate the effectiveness (customer experience) and efficiency of marketing, sales and customer service touchpoints, and prioritise and adapt them with a view to the entire customer journey.



Harnessing AI for deeper and better customer relationships across touchpoints





A first-party data strategy and a customer data platform are cornerstones of personalised customer contact.



Alongside customer access, **customer focus** requires customer data and interaction data to be brought together in a single intelligent customer data platform for automated analysis, in order to generate targeted recommendations for customer-facing activities in marketing, sales and service.

Mathias Elsässer

Partner, Marketing Advisory, PwC Germany



Example

Starting points for retailers

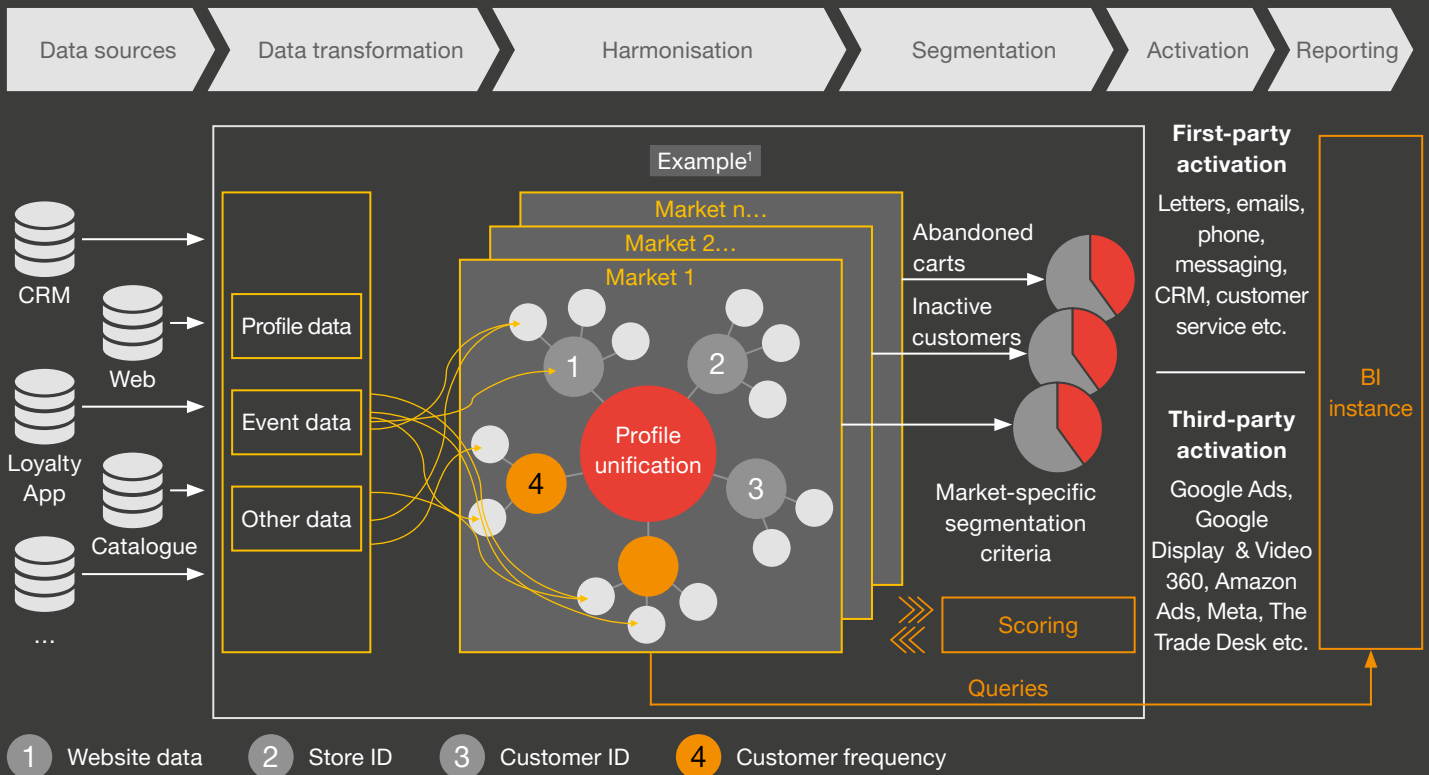
- **Develop/refine a strategy for first-party data and customer interaction:** Draw up a target vision, analyse existing architecture and data collection/retention processes, and set goals.
- **Customer data platform (CDP):** Run a pilot project and launch your CDP (data acquisition, ID harmonisation, target group management, customer activation, data protection, compliance etc.).
- **Increase personalisation and individualisation:** Personalise content for attractive messaging, create curated offers, harness AI-powered advice, and use VR/AR in online stores, social media and communities
- AI-powered **microtargeting** to provide personalised offers, shopping experiences, loyalty benefits, retargeting, geotargeting and dynamic pricing (based on willingness to pay).
- Establish/expand **brand communities and loyalty programmes** around retailer brands/own brands, built on the business: social media followers and feedback, apps/memberships, personalised benefits/specials/events etc.
- **The human factor:** Train **staff** to use individual customer insights in sales and customer service – particularly in lifestyle-related or high-involvement product categories – and use technology for simple, repetitive tasks (e.g. chatbots).



Deep dive

Customer data platforms (CDPs) allow data to be intelligently linked and enable personalised interactions

CDPs enable a networked, personalised shopping experience



A CDP is a centralised marketing technology solution to enable personalised, networked experiences across channels – the ideal combination of **sophisticated data management** and **automation in marketing**.

Customer experience optimisation with a cross-channel CDP



¹ Depends on the selected CDP solution (out-of-the-box CDP or composable CDP).





B Cost effectiveness

New revenue streams and cost-saving measures remain a hot topic for retail

Cost pressure in retail remains high, against a background of intense competition, low margins in many sectors and increasing costs – particularly for staff. Many companies are lowering costs, refining their **organisational structures**, and investing in **digital transformation** of their stores and processes to remain competitive. Others are slimming down their portfolios and selling off business units that no longer fit their core business model – strategic divestitures are occurring ever more frequently.

Retailers continue to make most of their money through promotional discounts or refunds from manufacturers during the **purchasing** process – or from **own brands**. Retailers’ freedom to set prices is quite limited. New sources of income are cropping up in places where customer access and customer data can be systematically monetised, such as in **retail media**.

Cost savings can be achieved by further automating customer, store, warehouse and delivery processes. AI may also be able to partially replace manual processes in central back-office functions.

There are numerous **levers to boost cost effectiveness** in retail, although some retailers have yet to exploit their full potential:

Levers to boost cost effectiveness

	Example
New sales channels – e.g. social media, gaming	Automating manual processes
Expanding own brands	Optimising digital marketing
Retail media and data monetisation	Reducing product returns
Subscription models and incentives (online and in store)	Expanding customer self-service
Leasing retail space – e.g. drop shipping, stores-within-stores	Strategic portfolio optimisation

New revenue streams

Cost savings

New revenue streams result from systematic usage of digital and physical assets in retail.



Cost effectiveness also means identifying areas where investment makes sense from a strategic point of view.

Dr Jan Herrmann

Partner, cost and value transformation expert,
PwC Germany



Example

Starting points for retailers – new revenue streams

- **Integrate digital and physical assets more closely** – particularly customer accounts and data. Exploit synergies and increase added value for consumers across channels.
- Systematically expand **retail media** partnerships (CAGR 2023–2028: 10%).
- **Monetise customer insights** with a view to consumer goods manufacturers (e.g. Walmart and Tesco).
- **Optimise store processes** with self-service checkouts or cashierless stores, or even fully autonomous 24/7 stores (particularly relevant in grocery retail)
- Expand **store-within-a-store models** to stimulate cross-selling.

New revenue streams in digital and in-store retail



Quelle: Strategy& Grocery Retail Outlook 2024.

Cost effectiveness is key to staying competitive and gives room for investments.

”

Cost effectiveness is vital for any retailer looking to strategically develop their business model and make the necessary investments.

Stefan Schwertel

Partner, Fit for Growth expert,
PwC Germany



Example

Starting points for retailers – cost savings

- **Evaluate your portfolio** and slim it down if necessary – i.e. strategically divest from activities that don't fit with your core business model and sell them off to more suitable owners.
- **Purchasing and vertical integration in the supply chain:** Optimise purchasing practices, refine your negotiating strategies, develop your product range and perform regular make-or-buy analyses with a view to the potential of own brands and drop shipping.
- **Operational excellence:** Refine your operating model, simplify and automate processes, increase centralisation in functions such as procurement and customer service, and explore shared service centres for greater efficiency – see overleaf for more details.
- **Optimised logistics:** Introduce integrated end-to-end supply chain planning (demand assessment, forecast excellence etc.), reorganise distribution networks (storage space and transportation), apply intelligent warehouse management and reduce transport costs (e.g. delivery frequency, fuel efficiency).
- **Optimise digital marketing:** Measure return on marketing more thoroughly across touchpoints and centralise collaboration with marketing agencies.
- **Reduce returns** (particularly in fashion): Offer AR/VR to allow customers to “try on” products, emphasise sustainability, balance costs against customer loyalty.
- **Increase employee productivity** by simplifying processes, introducing AI-driven automation and reducing administrative work.



The operating model has a considerable influence on cost effectiveness – and there’s room for improvement in many companies.

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Alongside optimising cost structures in their product ranges, retailers also need to review their underlying operating models to secure their profit margins.

Ruth Melches

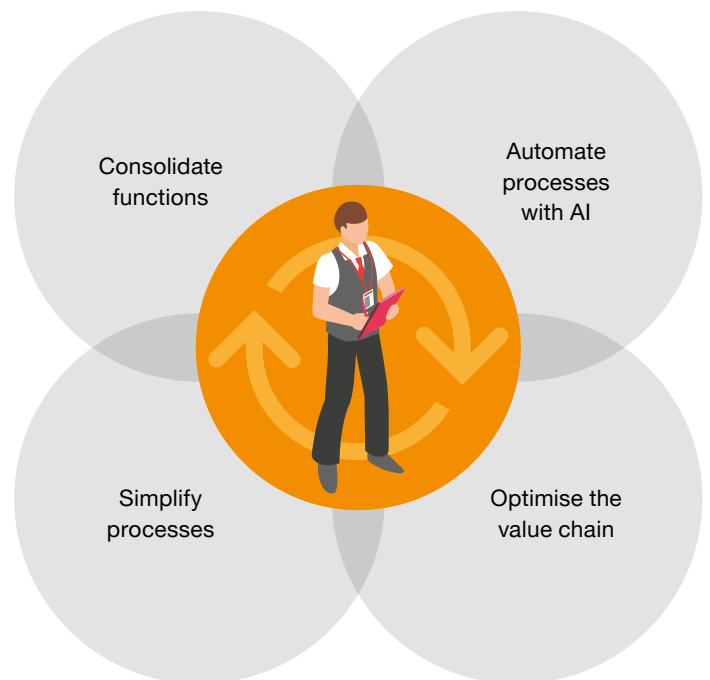
Director, organisation design expert
Strategy& Germany



Four levers for improving retail operating models

- 1 Optimise the value chain**
Identify and exploit synergies within and across channels (particularly in logistics and packaging).
- 2 Simplify processes**
Reduce the number of steps and interfaces in business processes, and clearly define roles in cross-functional teams.
- 3 Automate processes with AI**
Automate as much as possible and implement data-based decision-making. For example:
 - Use supply chain tools (e.g. Streamline) to generate product-specific and location-specific forecasts, place orders and optimise inventory to suit seasonal demand and promotions.
 - Introduce tools for negotiating with suppliers (e.g. Pactum).
- 4 Consolidate functions**
Functions such as procurement and customer service can be outsourced to shared service centres and offshored to countries with better staff availability and lower wages.

Four key levers for optimising operating models



Source: Strategy& Grocery Retail Outlook 2024.



C

Omnichannel enablement

Omnichannel shopping requires flexible and integrated sales channels and store types

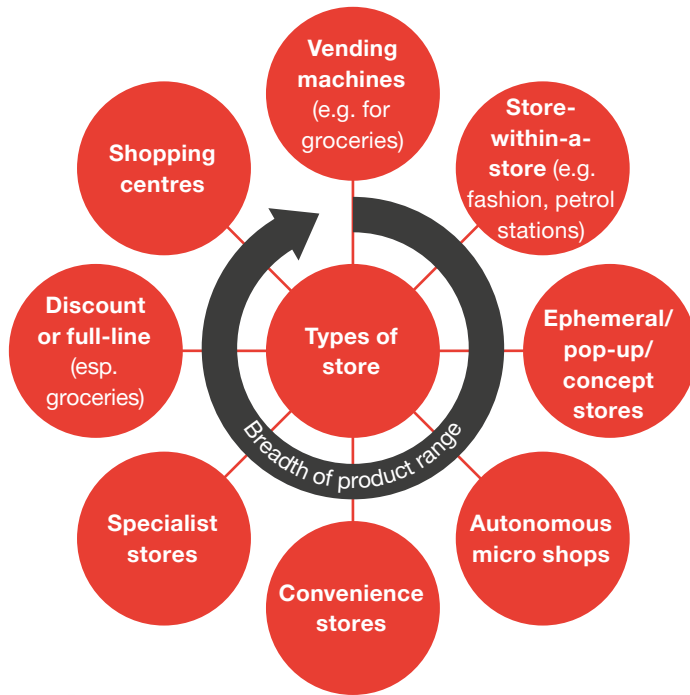
Convenient and seamless shopping experiences across all touchpoints between connected consumers and retailers are becoming the norm. AI tools are now helping consumers to find the products they need quickly and cheaply. Although brick-and-mortar stores offer important advantages in terms of their location and product range, it's becoming ever more important for retailers to be found online on platforms such as Google and Amazon in order to break into the **customer journey**.

Retailers increasingly have access to **all available data about each customer**, both online and in store, via a customer data platform – something which is in the customer's interest as well as the retailer's. This enables the best possible offers and services to be provided to each customer, delivering a consistent, captivating experience and strengthening their relationship with the retailer.

Stores are becoming more diverse and are being adapted to short-term trends or various other market conditions, some of which are the result of demographic shifts. The skills shortage means that cashierless stores will become increasingly common in grocery retail, while some fashion retailers are using exclusive formats and collections (e.g. pop-up stores, limited editions/drops) to attract consumers' attention.

Although **personalised shopping experiences** are already perfectly feasible at the frontend, omnichannel excellence will also require an **omnichannel supply chain** that can provide flexible, cost-optimised responses to customer demands while also staying on top of the basics such as stocking, resources, and efficient processes and logistics.

Types of store to meet different demands



Brick-and-mortar stores are seamlessly linked to online channels and will become hubs for a wide variety of services, especially fulfilment.



Omnichannel excellence means developing an omnichannel business model. Even for online shoppers, brick-and-mortar stores are increasingly playing an important role as fulfilment centres.

Dr Marco Tietze
Partner, BusinessLed IT
Transformation,
Strategy& Germany



Example

Starting points for retailers

- Establish an **ecosystem** for your brand or expand it using methods such as working with manufacturers to position the brand around a particular topic (e.g. for lifestyle, health, beauty or wellness).
- **Omnichannel capabilities:** Establish closer links between your organisation (particularly marketing, service, and online and offline sales), processes and IT and create a customer data platform to identify customers in store and personalise their shopping experiences.
- Select your **types of store** according to your business model to suit different target audiences and locations (e.g. micro grocery stores in rural areas).
- **Upgrade your stores to become hubs that offer added value** – i.e. serving as distribution/fulfilment centres for online orders (or even shared centres for manufacturers and other retailers), click-and-collect points, returns etc.
- **Automate** with self-service checkouts, self-scanning etc. – this is particularly relevant with today's skills shortage.
- **Instore experience/retailtainment:** Captivating, personalised customer experiences, expert advice on high-involvement products, entertainment and opportunities for socialising (e.g. cafés, TVs, events) etc.
- **Boost your attractiveness as an employer** and introduce benefits such as flexible working to ensure long-term employee acquisition and retention on the shop floor and in your warehouses.



Retail hubs: brick-and-mortar stores are becoming more intelligent and autonomous, and increasingly exist to fulfil orders





Smart shelves
monitor stock

Augmented reality

Store becomes a hub
for a wide variety of services



Retailers are creating seamless shopping experiences by tightly linking sales channels and supply chains.



Omnichannel excellence requires holistic development of the entire business model, from the frontend to the backend. Based on integrated planning, leading retailers take a dynamic, automated approach to delivering their products across various channels and locations. A control tower is essential for orchestrating this work.

Judith Schneider
Partner, supply chain expert, PwC Germany



Example

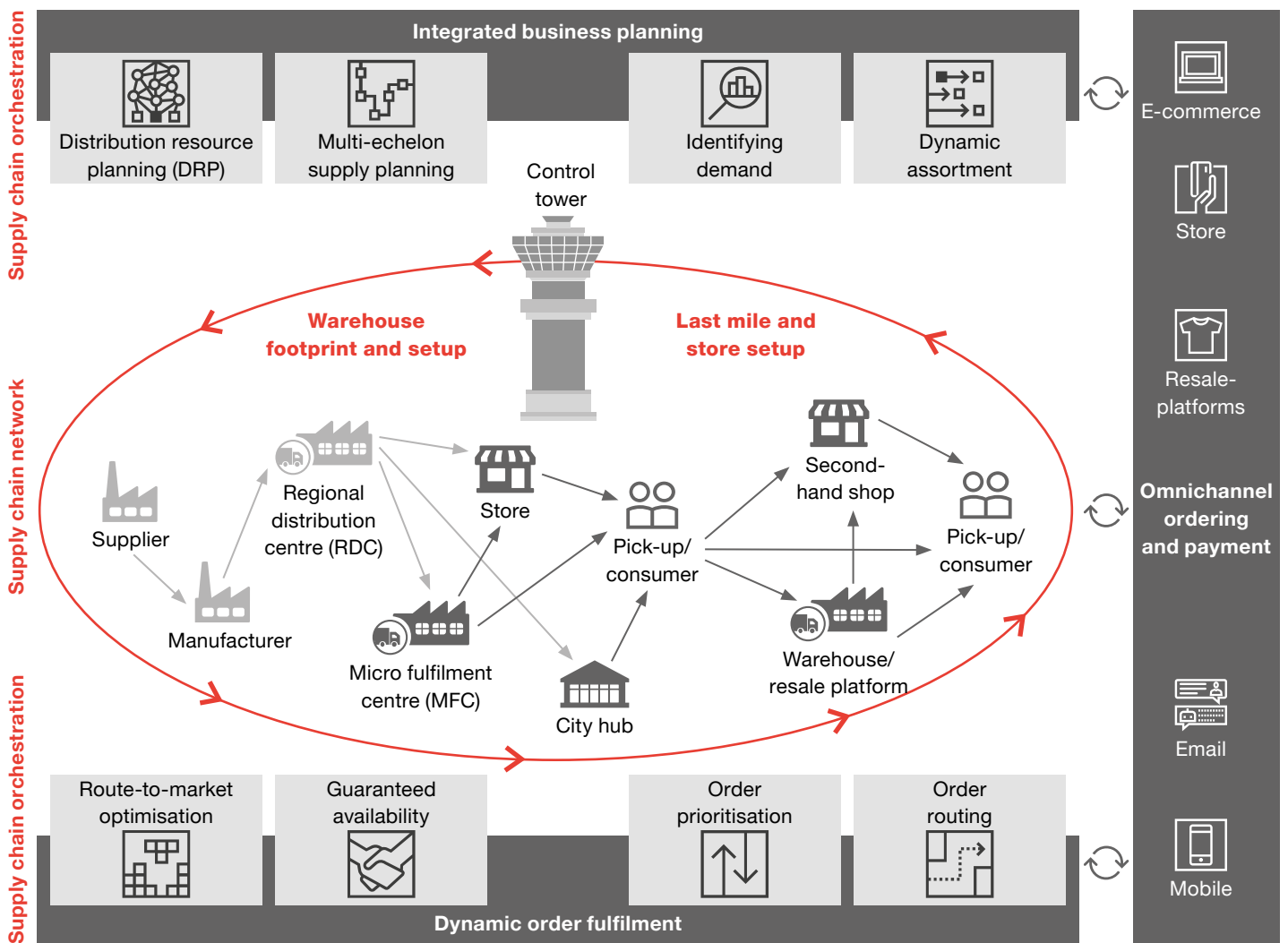
Starting points for retailers

Use the supply chain as a strategic lever to make your business stand out and to enable new business models and services.

- **Assortment excellence:** Slim down product ranges and use AI to predict and plan your range, inventory and offers based on expected demand online and in store.
- **Space:** Optimise your use of space to encourage cross-buying and to get the maximum profits out of your shelf and floor space.
- **Improve transparency on product availability** in your stores and warehouses so that you can use integrated planning and AI-powered decision-making processes to dynamically manage your supply chain network.
- **Optimise store and logistics processes** and make your stores more intelligent: on-demand advice, self-scanning, track and trace, cloud solutions for in-store staff.
- **Improve delivery services** to meet **higher expectations** (e.g. same-day/next-day delivery, choice of time/location, returns) while also taking urban infrastructure into account (e.g. truck-free/car-free zones – more bicycles, e-scooters etc.).
- Harness (online) experiences to **reduce returns** (e.g. AR, VR, smart mirrors).
- **Omnichannel supply chain:** Rework your business model and service portfolio, (re-)orchestrate your supply chain, refine your warehousing model and adapt your models for stores, last-mile delivery and the circular economy – see overleaf for more details.



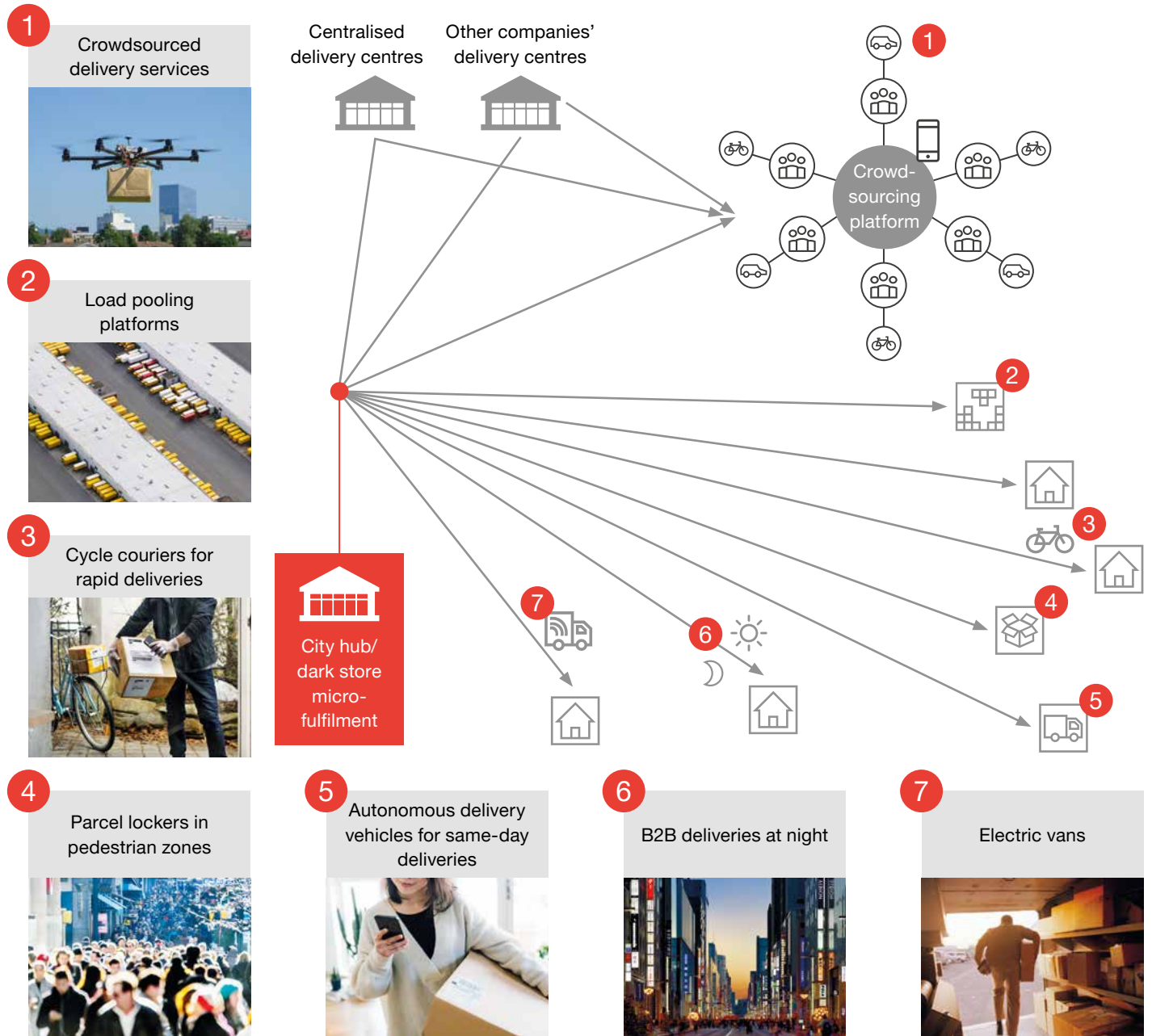
Omnichannel supply chain needs to be set-up in a flexible way and automatically select the ideal flow for each single delivery



Real-time information

Source: PwC, Omnichannel Supply Chain Summary.

Innovative ideas for last-mile delivery enable sustainable, cost-effective deliveries in urban areas



Source: PwC, Omnichannel Supply Chain Summary.



D

ESG compliance

Sustainability is an essential strategic success factor with clear consumer demand

Sustainability considerations are becoming the norm in many product categories, in part due to regulations, and sustainable products are displacing conventional variants. Generational change is a further reason why more and more consumers are placing value on sustainable and environmentally friendly products and retail practices, waste avoidance, recycling, and environmentally friendly materials.

Sustainable lifestyle choices such as healthy eating, purchasing products that are near or past their best-before date, second-hand shopping, sharing programmes and more are trending. Consumers are willing to pay around 10% extra for sustainably produced products.

Companies must ensure that their **supply chains are transparent** and demonstrate sustainability in complex supplier and sales networks in a clear, measurable way. Non-compliance can result in severe penalties and endangers companies' reputations.

The **pressure for greater sustainability** will continue to increase between now and 2030: various stakeholders – from customers and banks to investors and suppliers – expect retailers and manufacturers to act sustainably in areas such as supply chains, distribution channels, production conditions and certifications.



Sources: PwC, Voice of the Consumer Survey 2024; PwC, ESG in Retail and the Consumer Goods Industry.

A good sustainability strategy is about more than compliance – it creates holistic change within a company and offers opportunities.



ESG compliance is essential: consumers, NGOs and other stakeholders are demanding that retailers and consumer goods manufacturers define clear sustainability standards in their networks. Transparency and reach of sustainability initiatives will become an important measure by which companies will be judged in the future.

Harald Dutzler

Partner, product ecosystems expert,
Strategy& Austria



Example

Starting points for retailers

- Continuously develop a **sustainability strategy** and implement it holistically and efficiently across the company, rather than just responding to individual regulations.
- **Exploit economic opportunities:** An advanced circular economy offers additional sources of income (e.g. developing more recyclable lightweight packaging, leading to lower logistics costs).
- **Use sustainability awareness effectively to drive sales:** Product range planning, communication and increased willingness to pay will create new potential markets.
- **Brand communication that builds trust:** „In addition to transparency, also demonstrate local commitment, sustainability goals and the degree to which they have been achieved. Address waste reduction and water protection in product design and communication.
- Enter into **strategic partnerships across industries** and reduce the value chain footprint. Play to common target groups and develop promotions.
- **Take generation-specific expectations into account:** Gen Z and others are significantly more aware of sustainability and will form a strong market in the medium term.
- **Implement new store ideas** at resale, rental and repair level.
- Harness automation to meet **ESG and other regulatory requirements** as cost-effectively as possible (e.g. using available German Supply Chain Act tools) – see overleaf for more details.

Sustainability is moving from being optional to being mandatory – growing awareness and regulations are key drivers.

”

Full **ESG compliance** and meeting sustainability requirements will be an even more crucial factor in 2030 – and increasing regulation will make this into the new normal.

Emanuel Chibesakunda

Partner, sustainability expert,
PwC Germany



Example

Starting points for retailers

- Improve **demand-oriented product range and inventory planning** in order to respond to consumer trends in good time while motivating consumers to purchase sustainable products instead of conventional ones – this might include greater nutritional information, organic products or a range of vegan alternatives.
- **Optimise packaging** – in particular, continue to reduce plastic waste and use falling costs for recycled material as a motivator.
- Consolidate established **eco-labelling programmes** and promote them in a targeted manner.
- Create sustainability in **fulfilment** with innovative last-mile strategies.
- Involve **customers as “prosumers”** in the product development process via social media so that their needs are taken into account, in addition to complying with regulations.
- **Expand the circular economy:** turn retail outlets into recycling hubs and create incentives, especially since many consumers separate waste by type and return defective devices – see overleaf for more details.
- **Set up reverse logistics programmes**, e.g. in fashion and consumer electronics.
- Use **AI tools** for green transformation (e.g. from Blue Yonder or Cognira).

Environmentally conscious operations: new regulations are setting new standards for the retail and consumer goods industry

1

Corporate Sustainability Reporting Directive (CSRD)

- Significant expansion of reporting obligations and alignment of sustainability reporting with financial reporting (approx. 15,000 companies affected in Germany alone).
- 2024 is the first reporting year for entities which previously reported under the NFRD (public interest companies).
- The Directive entered into force at the beginning of 2023 and has been transposed into national law.



2

Ecodesign for Sustainable Products Regulation (ESPR)

- The previous Ecodesign Directive was replaced by the ESPR in July 2024.
- Product-specific requirements and regulations to make products more durable, reliable, reusable, retrofittable and repairable.
- Requirements to inform consumers to strengthen sustainable purchasing decisions (e.g. digital product passports, product performance classes).

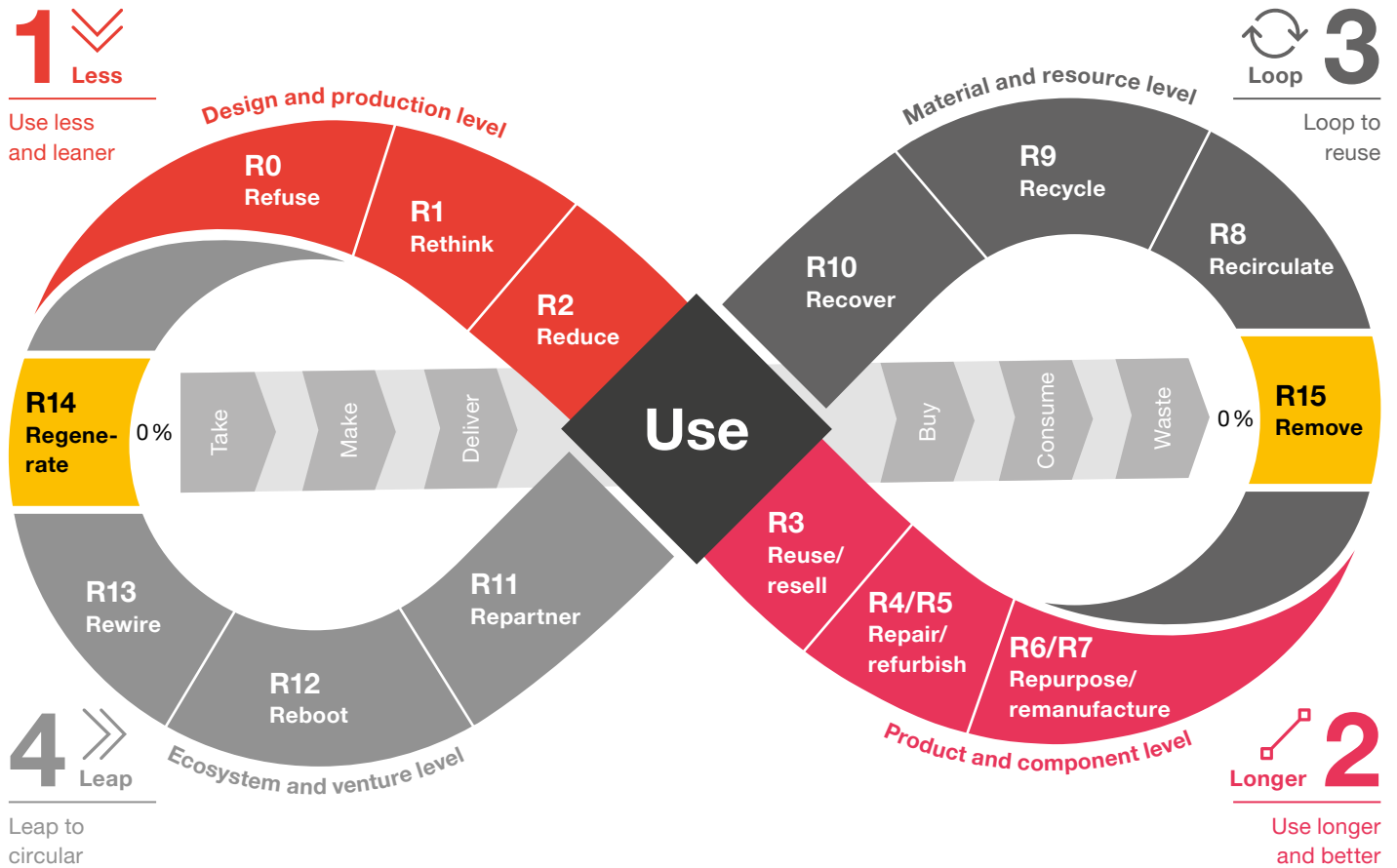
3

EU Green Claims Directive (EGCD)

- The EGCD was adopted by the European Parliament and Council at the beginning of 2024 and will be transposed into national law by 2026.
- Remedy against greenwashing: the aim is to create clear and transparent standards of scientific verifiability for environmental statements relating to companies' products and services.
- Applicable across the board except for micro-enterprises (fewer than ten employees and turnover of less than €2 million).



A holistic approach will guarantee targeted implementation of the circular economy and embed it in ESG programmes



- R0 – Refuse:** Redesign the system
- R1 – Rethink:** Design for circularity
- R2 – Reduce:** Use fewer resources
- R3 – Reuse/resell:** Give products a second (or more) life
- R4/R5 – Repair/refurbish:** Make old product new
- R6/R7 – Repurpose/remanufacture:** Use items in new ways
- R8 – Recirculate:** Bend to loops – collect and sort

- R9 – Recycle:** Closed loops – for similar uses
- R10 – Recover:** Open loops – for different uses
- R11 – Repartner:** Create new ecosystem
- R12 – Reboot:** Use technology and data
- R13 – Rewire:** Innovate business models
- R14 – Regenerate:** Harmonise with nature
- R15 – Remove:** Eliminate system leakage

Deep dive

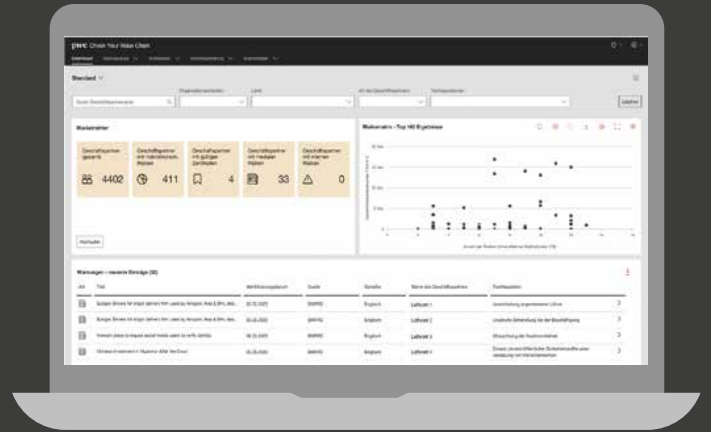
EU Supply Chain Act (CSDDD) requirements can be implemented automatically and efficiently using digital solutions



What is Check Your Value Chain?

Check Your Value Chain (CYVC) is an integrated software solution from PwC that provides a **holistic view** of your entire business partner portfolio (tier 1 to tier n suppliers, your own business activities and customers). A **comprehensive risk analysis** is used to break down the portfolio layer by layer, identifying any risky business partners.

Thanks to automated risk analysis, CYVC enables continuous monitoring of all your business partners. The solution also offers options for defining, tracking and assessing the effectiveness of measures targeting risky business partners.



Why Check Your Value Chain?



Legally compliant and up to date:

The only audit-proof end-to-end solution for CSDDD compliance. New or updated are reflected in the software as they are introduced.



Quick and easy implementation:

CYVC is an enterprise-ready SAP-based cloud solution – quick to implement and easy to maintain.



Time and cost savings:

Automated risk analysis and continuous monitoring of your entire business partner portfolio (tier 1 to tier n suppliers, your own business activities and customers) without pre-selection, including automated reporting.



Open ecosystem and easy integration:

Various internal (e.g. ERP systems, SAP Ariba, SAP GRC, Coupa) and external sources (e.g. DnB, Dow Jones Factiva) can be integrated into CYVC.



Holistic and proven:

Market-tested methodology as part of a holistic ESG management suite to create a comprehensive solution for your ESG needs.



E Technology fit






Many retailers are working on strategic development of future-proof IT architecture

In many retail companies, the **business requirements** mentioned above come up against a heterogeneous and deeply entrenched IT architecture and system landscape, often located across multiple countries and business units. **Strategic priorities** – such as which capabilities are essential for the company’s own business model, which sales channels should be used, and how customer-oriented, efficient, flexible and omnichannel-capable the company should be – often remain unresolved.

In order to be able to harness technology such as **cloud applications and AI** on a large scale, systems and databases must first be developed, standardised or integrated. Such a transformation often requires retailers to invest considerable **investment** – money which is not always readily available. Accordingly, we recommend **sequential development**, starting with one business unit, function or country.

A good plan is worth its weight in gold on the journey towards future-proof IT. In addition to a long-term roadmap, this includes a **target IT architecture** that needs to be developed, keeping tried-and-tested **design principles** in mind:

Selected architectural design principles

Expandable 	to flexibly integrate new services and solution providers into the existing landscape
Upgradeable 	to improve existing capabilities or replace elements in the landscape flexibly and independently
Data orchestration 	to integrate new partners and/or connect offline data with online data (real-time, advanced analytics)
Location-independent 	to transition smoothly from cloud to edge computing when additional computing capacity is needed
Rapid deployment 	so that the solution can be tested quickly, rolled out and easily used in a variety of stores

The retail industry needs to invest heavily in further developing IT systems in order to remain competitive in the future.

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Technology is becoming increasingly important as the backbone of retail – for intelligent stores, cross-channel shopping experiences and automated processes throughout the supply chain. Retailers need to invest heavily in their IT infrastructure and become faster and more agile in order to really take advantage of the opportunities offered by AI and other technologies.



Marcus Messerschmidt

Partner, cloud and digital expert, PwC Germany

Example

Starting points for retailers

- Draw up requirements for **strategic development of IT** based on your corporate strategy and positioning. Key questions include:
 - Which capabilities are essential for our business model – e.g. how customer-oriented, cost-effective or omnichannel-capable do we want to be?
 - How will we prioritise our sales channels and customer touchpoints?
 - Which processes can be automated (e.g. checkout, E2E supply chain)?
 - What function do our stores have (experience, fulfilment, hub, etc.)?
 - Which global IT standards do we need (as opposed to entrenched, heterogeneous IT in individual countries)?
- **Target architecture** – a roadmap for (further) development based on a common platform. Define globally standardised systems and common data pools (e.g. CDP), including an evaluation of possible (retail) cloud solutions and opportunities presented by AI – see overleaf for more details.
- **Develop IT sequentially**, taking into account the benefits and costs of investments, and interdependence within the entire IT infrastructure.
- Accelerate **IT rollouts and testing**, and automate tests.
- **IT security**: Develop or enhance governance for data management, data protection and incident management.

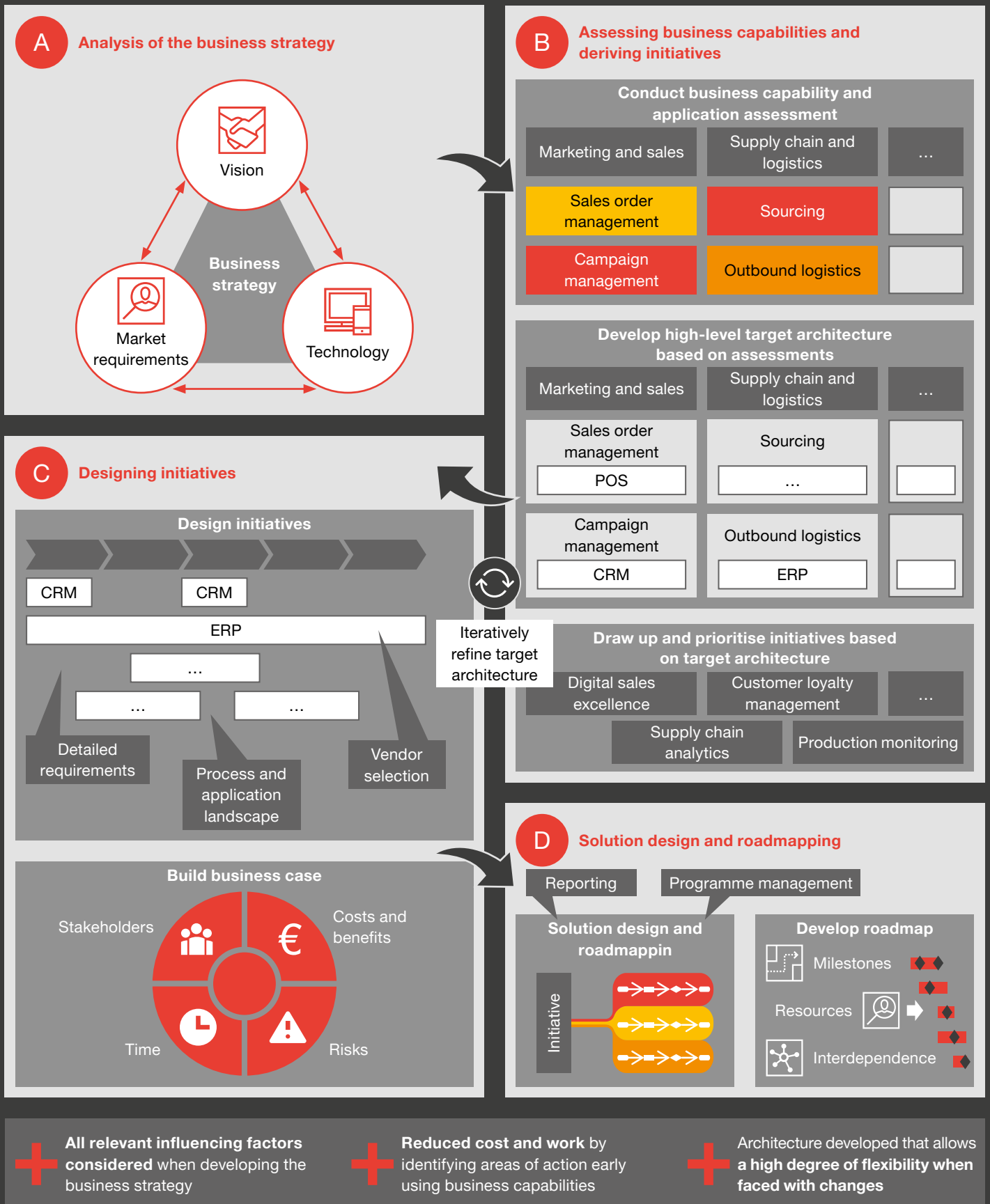




Deep dive

A business-led target architecture will ensure that IT supports strategic goals

Business-oriented development of target architectures





F Outlook

A successful route to retail 2030: see transformation as an opportunity and actively shape the future



Technology is an ongoing journey. Retailers always need to react to new product developments and customer needs. Ideally, they should anticipate and help shape them as well. The necessary transformation of business models should not be seen as a burden, but as an opportunity to set social trends.

Dr Christian Wulff
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The **challenges** in retail are diverse. In our projects, we see how companies approach them strategically while leveraging potential that strengthens their **competitive position** in the long term. We see the following as particular **success factors** for your journey into the future of retail:

- **Business model reinvention:** New sales channels and sources of income are being developed and used – including collaborative ones.
- **Roadmap and prioritisation:** Long-term planning and priorities (instead of an annual perspective) help to develop the entire company holistically.
- **Sequential transformation:** Many companies develop step by step and start by testing individual product categories, concepts or departments.
- **Investment and financing strategy:** Integrated planning releases investment funds in a targeted manner – e.g. by selling business units.
- **Talent and upskilling:** Employees are empowered, take responsibility for projects and inspire others to innovate.

It's an exciting time. We look forward to shaping this journey with you.

Contact us



Read more at
www.pwc.de/en/future-of-retail



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About us

Our clients face diverse challenges, strive to put new ideas into practice and seek expert advice. They turn to us for comprehensive support and practical solutions that deliver maximum value. Whether for a global player, a family business or a public institution, we leverage all of our assets: experience, industry knowledge, high standards of quality, commitment to innovation and the resources of our expert network in 149 countries. Building a trusting and cooperative relationship with our clients is particularly important to us – the better we know and understand our clients' needs, the more effectively we can support them.

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