

The retail makeover: New systems for a changing retail landscape

Retail is changing at an unprecedented rate.

From the digital revolution to how customers interact with companies, the industry's landscape today is dramatically different from just a few years ago.

Augmented reality, mobile apps, and artificial intelligence are being used to enhance the consumer experience, and the pace at which retail is adopting new technology shows no signs of slowing. What do retailers need to do to keep up with the changing environment and rising customer expectations? How should initiatives be prioritized? Ultimately, how can a company adapt to become a modern retailer?

Several key trends are shaping how retailers adapt to this new landscape.

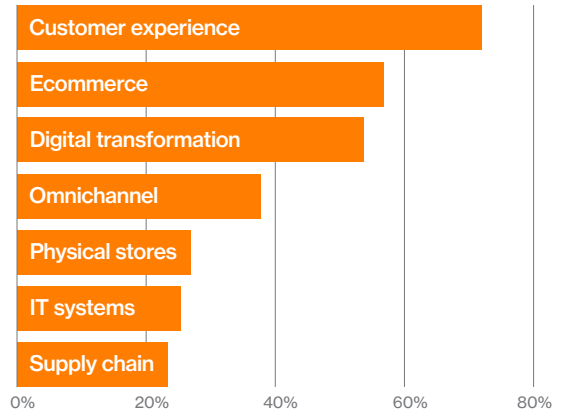
Customer-first experience

A modern retailer must be hyper-focused on the customer. The ability to shop anywhere at any time has made customers more particular about who they buy from and when.

According to a study by Retail Touch Points, 83.5% of shoppers are unlikely to shop with a brand again after a poor experience,¹ up over 20% from last year. The positive outcome of this is that 91% of customers are more likely to shop with brands that remember them and provide personalized offers or recommendations,² according to an Accenture Interactive study.

Consumer's evolving tastes and habits are forcing many retailers to improve their customer experience. Nordstrom's Trunk Club is achieving this through full service personalization where customers are paired with a stylist. After gaining an understanding about the customer's clothing preferences, the stylist selects clothes and sends them directly to the individual's home (in a trunk). Customers can keep what they want and return the rest free of charge. Target, on the other hand, is focusing on a very simple and efficient experience. The company has remodeled many of its stores to make shopping faster and more enjoyable. Some changes include smaller footprints and enhanced online fulfillment options. There's also drive up parking spaces, online order pickup counters and self-checkout lanes.

Retailers' top priorities



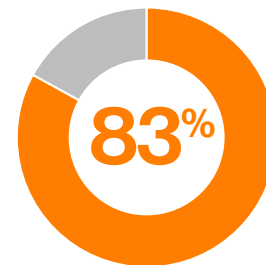
(% listing as top 3 priority)

Source: DocuSign and Retail Dive Brand Studio 2019 Survey

“Today’s customer is profoundly empowered by their mobile device, which brings everything to their fingertips. This has raised expectations as they can compare things so easily.”

Nicholas Ahrens

Vice President and Lead for Technology Policy
Retail Industry Leaders Association



83.5% of shoppers are unlikely to shop with a brand again after a poor experience.

Omnichannel opportunities

In addition to customer experience, omnichannel capability is a significant priority (particularly eCommerce), as well it should be. “Those that find success have invested in the omnichannel model and have differentiated their products and customer service to draw customers in,” said David Silverman, senior director of U.S. Corporates at Fitch Ratings. This makes sense since **92% of Americans regularly shop on multiple channels**³ and 58% of US consumers now say that social media influences their purchasing decisions.⁴ Action is being taken: 90% reporting that they have an omnichannel strategy in place or plan to invest in developing their own.⁵

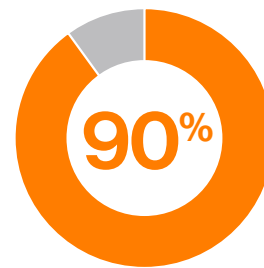
Retailers such as Nike, Orvis, and Neiman Marcus are doing an excellent job of executing their omnichannel strategy. For example, the Neiman Marcus website remembers when a user regularly searches specific clothes and shoes in a certain size. When the user has a follow up visit, they’re shown products in nearby brick-and-mortar stores with those sizes available. Users also see promotions featuring relevant local events and new style arrivals in local locations from brands they’ve shown interest in online.

It’s difficult, however, to provide consistent service across all mediums and there is a great deal of work still to be done. 76% percent of retailers identified implementing an omnichannel approach as a top initiative at their company.⁶

Digital transformation

Technology has changed our lives, and it’s increasingly expected to be part of every interaction and operation. Retailers need to leverage existing and emerging technologies and incorporate them into their business as they are no longer compared only to other retailers but to service providers like Uber or Airbnb, tech companies that have set a new standard for ease of use and convenience. Doug McMillan, chief executive officer of Walmart, recognizes this challenge and said during the company’s 2018 Investor and Analyst Day, “We’re also an innovation company. Current and emerging technologies make it possible to serve customers better than ever before.” A majority of the industry agrees with this perspective, with 55% of retailers saying that digital transformation is a top priority.⁶

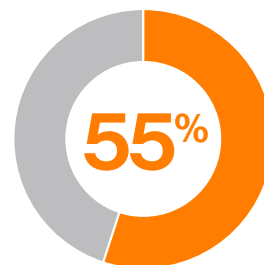
To survive and thrive in the current landscape, retailers must make use of the latest technology as part of their strategy to deliver on customer expectations.



90% reported that they have an omnichannel strategy in place or plan to invest in developing their own.

“Digital transformation closes the gap between what digital customers already expect and what analog businesses actually deliver.”

Greg Verdino
Founder
The Digital Consultancy



55% of retailers say that digital transformation is a top priority.

Challenges remain

While retailers understand key trends and have prioritized initiatives to correspond, challenges remain, specifically in top priority areas like digital transformation, customer experience and omnichannel.

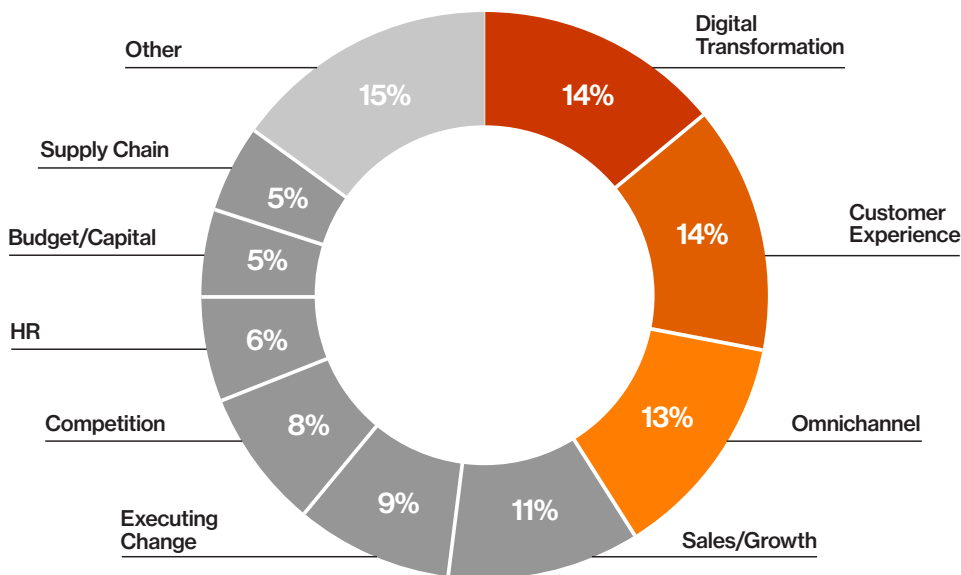
Underlying these challenges are the core capabilities of retail that consist of selling to consumers and buying from suppliers and vendors. Technology has changed (and will continue to change) how retailers buy and sell, and foundational systems are an essential part of success in this new environment. Only 37% of surveyed retail professionals felt confident that their existing online and in-store point of sale (POS) systems and processes would support future needs.⁶ That number drops to 30% for purchasing systems and processes.

To meet their goals, retailers must prioritize modernizing their foundational systems in order to maximize the opportunities in the current environment. Those respondents who have strong core POS and purchasing

systems are achieving their priorities more regularly.⁶ High performing businesses, those who reported significant or moderate growth in the last year, are more likely to be confident in their foundational systems (25% more confident in their purchasing systems and 31% more confident in their POS systems).

Overall, **retail leaders are investing two to three times more than the average retailer in IT transformation,**⁷ according to an IHL study. “The back-end service and operations are the backbone of retail.” Ahrens said. “If you can’t get products to the right place at the right time, you can’t sell anything no matter how awesome your store front is.” Largescale corporations like Home Depot⁸ and Target⁹ are investing billions in their foundational systems to get an edge. The goals of these back-end investments are to enable each company to achieve top priorities like digital transformation and omnichannel capability, ultimately improving the customer experience.

Top challenges for retailers



Prioritizing foundational systems

A RSR research report found that **80% of retailers agree that IT spending must be more focused on operational efficiencies to offset increased spending on the customer-facing side of the business,**¹⁰ highlighting the shared feeling among industry professionals that foundational capabilities are critical. Contracting, however, is one system that has yet to be meaningfully modernized and is an essential component of key retail processes. “Contracting is a process that impacts a retailer’s ability to purchase and sell effectively, hire and onboard, and create an agreeable customer experience,” said Steve Schmidt, former president of Office Depot International.

A recent survey found that 89% of respondents use pen and paper for contracting.⁶ Some change is occurring as 85% have used a basic form of digital contracting and

about half have integrated contracting with other systems or automated the process. High performing retailers, however, have put greater focus on digital contracting. **High performers were 11% less likely to use manual contracting and 15% more likely to use digital contracting than low performers.**⁶

Contracting is a critical foundational process that retailers need to modernize. Manual contracting using mail or email with paper, PDFs, printing and scanning is a time-consuming practice that creates delays for customers and internal operations. When respondents were asked about challenges they face, one respondent said, “Consumer needs have to be met *now*.” Many other respondents also mentioned the need for speed and agility. Aside from causing delays for consumers, manual contracting has greater potential for serious issues, including fraud, errors and loss.

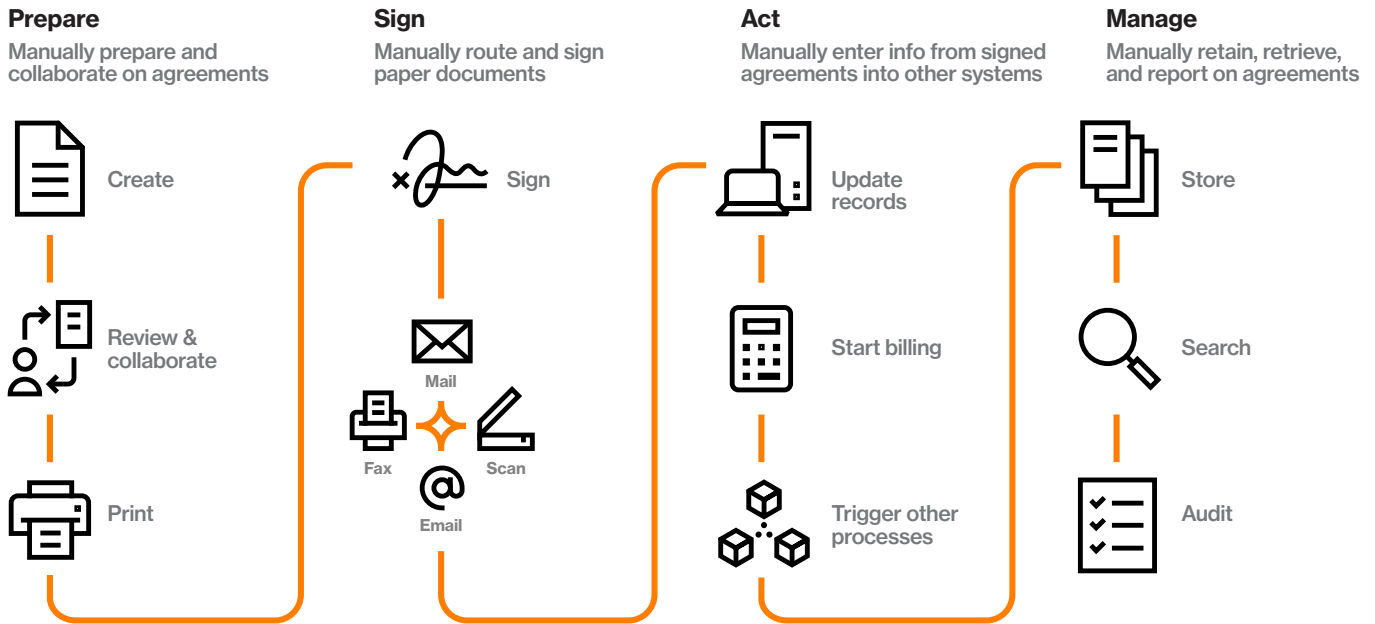
Contracts in the buying process

Vendor / Supplier selection	→ Requisition and purchase	→ Receipt of goods or services	→ Reconciliation	→ Accounts payable
REFs & quotes NDAs Vendor agreements	Statement of work (SOW) Purchase orders (POs) Master service of agreements (MSAs)	Proof of delivery / Service received Receiving documents Return authorization requests	Invoice processing Change orders Buyback contracts	Payment authorization forms Payment to vendor / supplier Financing agreements

Contracts in the selling process

Customer onboarding	→ Configure, price and quote	→ Propose and contract	→ Financing and payment	→ Delivery
Membership applications Credit applications Information intake forms	Setup forms Quotes / Proposals Price lists	Terms and conditions Service agreements Warranty documents	Leasing agreements Point of sale transactions Payment authorization	Inventory logs Shipment forms Proof of delivery

Legacy system of agreement



A system of agreement for the modern retailer

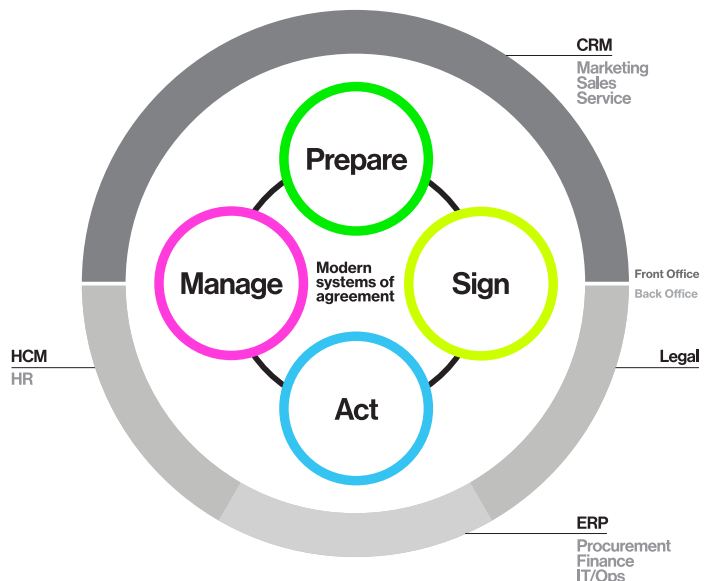
“Most companies adopt electronic signature because it’s a fast and obvious win,” says Kevin Bandy, former Cisco chief digital officer. “The challenge is to think beyond digitizing the signature to re-engineering the full agreement process. How can it be connected and automated in a way that’s most efficient for the business and that delivers a game-changing experience for customers and employees?”

After all, contracting is more than just getting a simple agreement executed. It’s the collection of technologies and processes that a company uses for written agreements throughout the business. Every retailer has a system of agreement, but most are highly manual using paper with some basic digital elements.

A modern system of agreement connects a variety of systems (CRM, procurement, POS, etc.), so an agreement can move from preparation through to management in a highly automated way. Similar to how platforms emerged for customer data, HR data, and finance data, a modern system of agreement will serve a related function across the entire workflow of agreements for retailers.

Among other benefits, a system of agreement streamlines foundational purchasing and selling processes, making

retailers easier to do business with. “A modern contracting system can make a company more productive, help with retaining clients and improve customer satisfaction,” said Schmidt. Retailers that have begun to build out a more modern system of agreement have seen great results.



Case Study T-Mobile

Mobile communications company T-Mobile implemented a modern system of agreement to improve the customer experience with faster check-out, which led to a 20% higher in-store close rate.



A modern system of agreement led to a 20% higher in-store close rate

The creation of a digital contracting system using DocuSign allowed associates to pull up easy-to-read contracts on tablets away from the register for customer review, giving associates more time with customers. “It’s enabled us to untether our mobile experts in retail from their POS terminals and had a huge impact on the customer experience,” said Cody Sanford, executive vice president and chief information officer at T-Mobile. The new shortened customer agreement led to a two-minute time savings per customer engagement.

Case Study Office Depot

Office Depot began using DocuSign in 2014 to modernize its system of agreement, which particularly helped in two areas: sales and procurement. Office Depot executes a huge number of contracts each year (in the hundreds of thousands), and before using DocuSign, it was a manual process using mail and paper – now it’s significantly faster. “The new contracting system allowed us to speed up decision making, bring more people into the process and work more effectively with customers,” Schmidt said. “It made us more efficient and effective, saved time and reduced costs.” The accelerated process led to greater client satisfaction and retention. Maintaining documents electronically has also given the appropriate personnel easier access to contract and agreement information whenever needed, improving transparency and productivity.

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Steve Schmidt
Former president
Office Depot International

Case Study Extra Space Storage

Extra Space Storage, the largest owner/operator of self-storage properties in the United States, required customers to sign contracts in person. Completing the multiple page agreement and the move-in process was time consuming. Extra Space Storage chose DocuSign based on the overall ease of use and complete integration with Salesforce. By switching to digital agreements, Extra Space Storage reduced the average time to sign a new customer contract by 67% and also reduced paper and toner costs. “We got great feedback from our storage consultants,” said Chris Spear, former senior director of program management for Extra Space Storage “and nothing but positive feedback from our customers.”



Extra Space Storage reduced the average time to sign a new customer contract by 67%

Case Study Yamaha

Yamaha, a global leader in the design and manufacture of musical instruments and audio/video products, chose to implement DocuSign because it’s easy to use and speeds up contracting. Dealer and vendor contracts were taking a long time and causing Yamaha lots of pain, impacting their ability to buy and sell product. “We used to experience errors in 70% of our contracts,” said Michael Machado, Yamaha’s customer relationship manager. “That meant we’d have to draw up new contracts, resend, and wait again. With DocuSign, we’ve been able to eliminate those types of problems, and instead of contracts taking weeks and months, we are getting everything filled out and signed correctly in days and minutes.”



Dealer contract error rate reduced from 70% to ZERO

Modernizing your system of agreement

For retailers, modernizing the system of agreement is a relatively simple technology improvement that can be made and provides a clear positive return in months. The DocuSign Agreement Cloud gives companies of all sizes the ability to quickly digitize and connect their entire contracting process. The platform features more than 350 pre-built integrations including SAP Ariba, Workday, Salesforce, and ServiceNow, making it compatible with many systems that retailers already have in place. Custom workflows with in-house software are also easy to build with an open application program interface (API). Large retailers have been able to modernize their system of agreement in weeks, automating processes that used to take months.

The modern retailer

So, what does it mean to be a modern retailer? A modern retailer takes proactive measures to implement changes, is agile and able to adapt to a changing landscape, engages with customers across channels, and leverages all this to deliver an amazing customer experience.

Technology plays a central role in executing priorities. "Modern retailers are bringing together the best parts of customer centric retail with the best parts of customer centric technology in order to execute on the business imperative of delighting customers," Aherns said.

Foundational systems such as a modern system of agreement should be a top priority for all retailers to operate more efficiently and create a great experience for customers, vendors and employees.

Make your modern retail vision a reality with a free DocuSign trial or by contacting us today.

Notes

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| 1 Retail TouchPoints, "Last Mile Delivery: What Shoppers Want And How To Save Retail" | 4 CoreSight Research, "US Holiday 2018: The Social Media Impact" | 7 Zebra Technologies-IHM Group, "Zebra Technologies-IHL Group Study Reveals Retail Industry Sales to Grow Three Percent Annually Through 2021" | 9 The Bullseye View, "Investing to Grow: Target Commits More Than \$7 Billion to Adapt to Rapidly Evolving Guest Preferences" |
| 2 Accenture, "2018 Personalization Pulse Check" | 5 Brightpearl, "Study: 87% of Retailers Agree Omnichannel is Critical to their Business, Yet Only 8% Have 'Mastered' it" | 8 Fortune, "Why Home Depot Is Spending an Extra \$5.4 Billion on Stores and E-Commerce in Next Three Years" | 10 Retail Systems Research, "IT Spending In Retail 2018" |
| 3 iVend Retail, "iVend Retail's Annual Omnichannel Shopper Survey Reveals What Retail Customers Really Want" | 6 DocuSign and Retail Dive Brand Studio 2019 Survey of over 200 retail professionals | | |

About DocuSign

DocuSign helps organizations connect and automate how they prepare, sign, act on, and manage agreements. As part of the DocuSign Agreement Cloud, DocuSign offers eSignature: the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, more than 500,000 customers and hundreds of millions of users in over 180 countries use DocuSign to accelerate the process of doing business and to simplify people's lives.

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