

# Create the foundations for new ideas

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**It's well-known that the commerce sector has been strongly exposed to the effects of innovation through digitisation. Window shopping and individual counsel from your favourite sales person have been replaced by - a mobile phone. Customer behaviour also evolved. Retailers need to think outside their old paths and come up with new ideas to keep their customers happy - and, in fact, to survive. For many, this means challenging existing mindsets, organisational set-ups and processes.**

Globalisation, new technologies and changes in consumer behaviour bring many challenges, but also opportunities. Yet, many commerce businesses have a lot of catching up to do in the area of innovation. They simply do not have the basics ready to integrate new technologies and processes into their daily work. The problems are manifold: rigid processes, complex IT systems, organisational silos, product- instead of customer-focus or even missing an overarching digitisation strategy.

## **Digitisation without strategy, strategy without digital**

Digitisation is - still today - not a strategic issue in many companies. Sure, flagship projects are specified and implemented, but then abandoned without being followed-up on and without a view for the bigger picture. Management teams are, quite often, reluctant to discuss new ideas - simply because they lack the necessary know-how themselves. One can try and change this, but it's certainly a long-term project. What may help is to bring in an outside expert voice for an unbiased perspective. Businesses must change their mindset. Digitisation is a management task. The management must actively define and drive an overarching, cross-departmental strategy in order to advance innovation for the entire organisation, rather than just let separate teams work on individual areas. Or, in other words: when have you last asked yourself whether your strategy is fit for digitisation?

## **Breaking up hierarchies**

We often see that rigid, gridlocked processes and structures hinder innovative thinking. Many companies still follow a pronounced silo mentality. Data and information are not shared, not made accessible to everyone, not used comprehensively. As a consequence, customers and their true needs are not understood in their entirety, valuable knowledge is lost, and resources remain unused.

## The IT maze

It is to be assumed that the key to successful digitisation is somehow related to the condition of the IT systems. Indeed, no surprise: complex IT structures paralyse change. Companies do not work with unified solutions, making it difficult to collect and analyse data. Yet, smooth data flow between systems is absolutely essential for a holistic view, and to build and implement new technologies.

## The merging of on- and offline

Another challenge that often comes up are uncertainties around the potential cannibalisation of off- and online. This is understandable, and yes, sometimes there are no easy solutions. Yet, better to cannibalise yourself than be cannibalised by someone else. Ideally, on- and offline channels complement each other. Innovative online solutions can expand offline services and make them more convenient and easier for the customer – like smart mirrors where you can try on glasses. Many supermarkets already offer self-checkout tools. Customers can scan their purchases and pay at a screen at the counter without having to queue. This makes grocery shopping not only quick and easy but a fun experience. Another great way to use new technology are smart advertising screens at the store, that – via facial recognition – show products, matching the sex and age of the customer, the day of the week (for example work staples on Mondays, champagne on Friday) or even the weather outside. The screen could also be used to attract customers to the website by showing interesting content or special online offers.

## Remember: the customer is king

The natural impulse is to think inside-out, starting with one's own product. Yet not the product, but the customer must lie at the heart of everything a company does, including innovation. It's not helpful if the online shop has all the functionalities one can dream up, but it's not very intuitive to use, the checkout takes forever or it's unclear whether the payment is secure. That's a lost customer touch point right there. A great example of customer orientated innovation are smart changing rooms. Equipped with a screen they allow the customers to scan tags to learn more about the garment or order different sizes with the sales person if the clothes don't fit.

## The secret to successful innovation

What needs to change to make innovation not only possible but successful?

First things first: develop a superordinate strategy. Make digitisation a strategic management topic. Secondly, look at your organisational structure. Be agile, introduce flat hierarchies and simple processes so you can strengthen the innovation pipeline, implement innovation

projects and react more quickly to changes in your environment. Set up processes in alignment with the customer journey. Everything should ultimately serve the customers' needs. Full stop. Lastly, rethink your IT landscape. Break it up, if necessary, and introduce a consistent omni-channel approach.

There is no simple "innovation" box you can tick. Innovation is a mindset. Yet, there are foundations that can be put in place. They foster new ideas, new offerings, new business models that contribute to the long-term success of the company.

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