



Retail reinvented

How smart technology choices deliver a powerful mix of hyper-personalisation, operational efficiency and sustainability



Foreword

Retail never stands still, constantly adapting to the changes in customer requirements and on the alert for opportunities to grow custom and profit.

Increasingly, industries are picking ideas and solutions from other sectors and merging them to rejuvenate and expand the experiences they offer. For example, consider a business person visiting a forecourt to charge their EV. While there, they have a business meeting, enjoy a delicious meal, take out some cash and pick up some groceries for dinner. Did they have a travel, energy, hospitality, consumer goods or banking experience? Do those activities even need a label, or is the most important thing that the customer was impressed with what was on offer and how it was delivered?

Retail spaces are now challenging to categorise. Retailers around the world are now moving their focus to achieving sustainable competitive advantage by creating what IDC calls “real-time contextual customer journey personalisation”. They’re thinking about how to shape memories, deliver pleasant surprises and harness the power of emotion to win loyalty and maximise sales. And to do this, they’re examining every area of their business to see what needs to change to make outstanding customer experiences possible.

Customer experience investment leaders outperform the market by

534.5%

and this whitepaper will delve into how you can become one of them¹.

¹Watermark, Customer Experience ROI Study, 2024



Contents

Today's retail strategy drivers	<u>3</u>
A new perspective on retail that sees the individual	<u>4</u>
The challenges in delivering hyper-personalisation	<u>5</u>
Enhancing the wider business while delivering outstanding customer experiences	<u>8</u>
Retail reimaged: A case study	<u>9</u>
Your retail partner	<u>10</u>
Buy into the future of retail	<u>11</u>

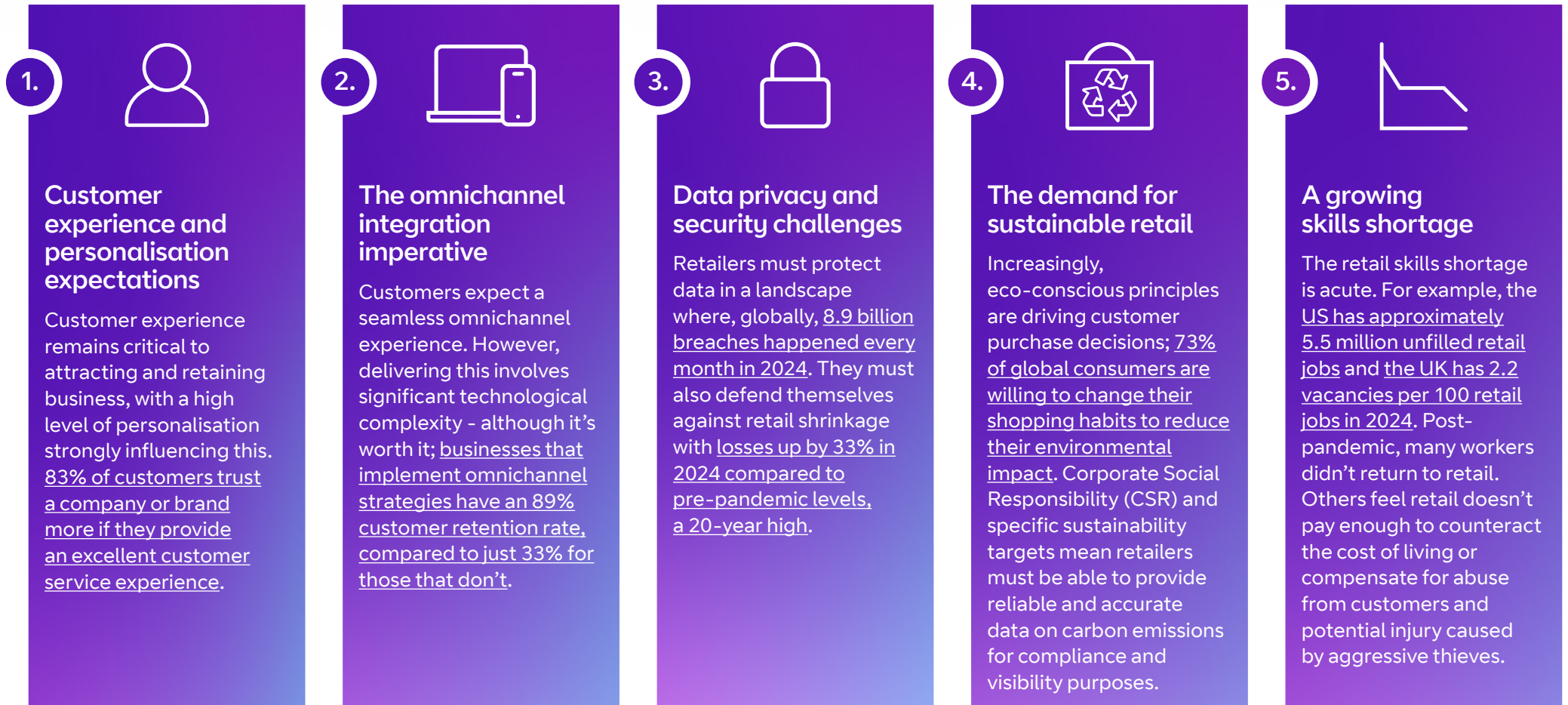
Today's retail strategy drivers

Retailers are used to responding to change at a micro level and constantly make minor adjustments to keep their offers closely aligned with the pulse of demand. To maximise custom, their offers regularly reflect the impacts of the economic environment, the geopolitical situation and even the weather.

However, decision-making at a macro strategic level is a more considered process. At its centre is a comprehensive examination of broad market drivers and how they interact to define longer-term demand.

The five core drivers of retail business outcomes

To support your strategic thinking, here's a summary of the five core drivers shaping today's retail landscape:



A new perspective on retail that sees the individual

Delivering experiences that delight customers by exceeding their expectations has historically involved complicated segmentation analyses and detailed personas to understand and win business from the largest possible percentage of a target group.

Today, it's not enough to satisfy most of a target group; the goal is now to delight every single customer with a hyper-personalised experience by targeting the 'segment of one'.

Customer delight now means hyper-personalisation

The benefits are substantial; in 2023, for example, 60% of customers were likely to buy repeatedly after a personalised experience. As a result, 69% of businesses are increasing their investment in personalisation.

To delight the 'segment of one' personalisation must flex to what delights an individual from day to day and predict emerging desires. Achieving this involves every aspect of the business so leading retailers have reconsidered their operational approaches.

What does it take to win hearts, minds and wallets today?

Delivering authentically individualised experiences must become the prime objective of every department, requiring retailers to break down internal siloed operations. Sustainability, data security, compliance, operational efficiency and customer experience become interlinked activities and don't compete for resources; investment is planned to enhance the whole operation.

AI is core to the future of retail

Through 2027, **95%** of retailers will test or invest in generative AI to enhance product data, customer support and customer experience initiatives.

By 2028, **50%** of retailers will offer AI-enabled contextualised recommendations to enhance customer engagement, increasing real-time interactions by 30% and overall conversion rate by 20%.



The challenges in delivering hyper-personalisation

Personalisation is data-hungry, requiring vastly increased data orchestration, integration, analysis and protection levels. Many retailers find jumping from data capabilities that can analyse a customer segment to those able to analyse every individual isn't possible without significant infrastructure changes.

'Knowing' the customer as an individual presents a series of challenges:

1. Establishing a 360° view of the customer must overcome data fragmentation

A complete customer picture involves pulling together information from multiple sources and touchpoints, ranging from social media, e-commerce, mobile apps and purchase history to preferences, habits, physical location data and in-store POS information. Then, every aspect of this view must be updated continually and combined with past events and intelligent future predictions for a true insight into the individual.

The retailer's infrastructure must contain the right mix of software platforms and AI tools to create an awareness loop. This means each customer interaction is a live entity generating feedback that informs real-time adjustments.



2. Preparing the infrastructure for the demands involved in great experiences

Retailers must undertake a clear assessment of their infrastructure. Is it ready to manage and process the significant increases in data that come with individualised experiences? Can it support the robust AI models and real-time data analytics essential to fast and accurate responses to customers? Can it deliver the frictionless and easy omnichannel experiences customers expect?

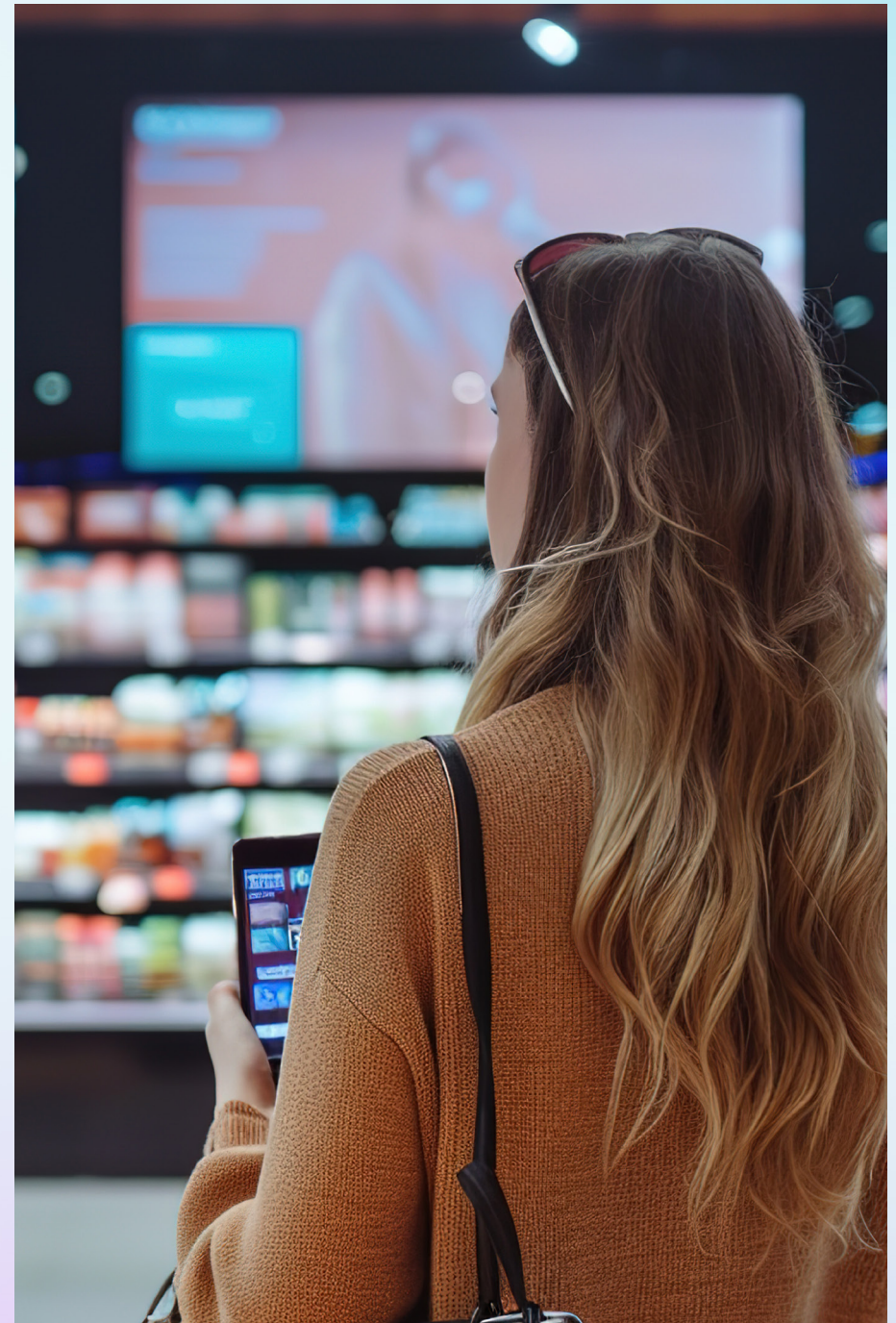
All these capabilities depend on a foundation that combines reliable, fast connectivity solutions with a strong and stable network that has cloud at its core. This resilient, future-ready infrastructure will support the optimal operation of any layered-on technologies.

For example, Bluetooth beacons or Wi-Fi proximity sensors can track if and how many customers are interacting in a specific space or zone. When combined with CRM data, this enables discrete, highly targeted and personalised

advertising on in-store dynamic digital displays as the customer approaches. At the same time, store sales associates can get real-time insights about the customer's preferences on their tablet and information about targeted promotions they can offer.

Adding edge computing capabilities to the infrastructure keeps store functions under the monitoring and control of the store management. If issues occur, troubleshooting and remediation can take place locally far faster than involving a central IT department. Edge computing is critical to the low-latency data communications essential for zero latency experiences, digital signage reactions and immersive in-store, virtual and extended reality experiences. It also supports the computer vision and video analytics that provide real-time customer movement tracking that helps optimise store layouts and staff allocation.

By 2027, over **65%** of retailers will use AI to provide contextual ad targeting to power next-generation retail media networks and monetise zero-party and first-party data business models.





3. Delivering the advanced orchestration personalisation demands

Tailoring customer experiences in real time has to be done in the blink of an eye, faster than humans can assess data and activate events. Advanced orchestration is essential to keep pace with customers' lightning-fast decision-making.

Creating amazing experiences often involves broadening the retail organisation's perimeter to support easy, secure and compliant integration with other organisations. It depends on a cloud-centric, intelligent network that can rapidly and cost-effectively collect and orchestrate third-party data and services.

4. Managing the extra costs of data-driven experiences

Increased third-party collaboration and the increased levels of data exchange involved in shaping individualised experiences involves huge amounts of data traffic from cloud to cloud or cloud to on-premises facility, depending on where software platforms and data centre facilities are located.

The costs of frictionless data transfer can mount up and aren't always obvious; many retailers experience 'bill shock' when they discover the expense of egress charges associated with transferring data between different public clouds, zones and providers.

Moving to an advanced and flexible next-generation network platform allows retailers to interconnect seamlessly across multiple clouds, data centres and global locations. It provides a highly scalable, software-based, flexible and secure way to manage network traffic and enables the use of lower-cost network paths or services for transparent and controlled expenses.

5. Balancing data privacy and protection with its use to drive personalisation

Personalisation is driven by the intelligent integration of data relating to the customer, and the number of sources drawn in as part of a 360° customer view is increasing all the time. This data may also cross geographical boundaries and move from location to location during this process.

The data used to deliver hyper-personalisation must always align with whatever data privacy and security laws and regulations apply to each location, whether the data is at rest or in transit.

A next-generation network platform provides regionally aware connectivity. This allows retailers to define policies that restrict data flows to authorised geographies and networks, ensuring compliance with local data transfer and sovereignty regulations such as GDPR, CCPA or China's Cybersecurity Law. Plus, it offers auditable data flows to demonstrate compliance with regulatory frameworks.

It also has robust end-to-end encryption and access controls, meeting regulatory requirements for confidentiality and integrity, and protecting data in transit.

Enhancing the wider business while delivering outstanding customer experiences

A retail organisation focused on delighting the ‘segment of one’ will have other parallel priorities, such as increasing operational efficiency and sustainability. Leading retailers are looking at these priorities holistically, with a single strategy that looks at operational efficiency and sustainability through the lens of what’s required to deliver superb customer experiences.

How operational efficiency supports customer experience

Optimal operational efficiency, agility and resilience are vital to ensure a retailer’s network, connectivity and technology can support the demands of great customer experiences. Retailers must be ready to withstand and adapt to disruptions, challenges and digital landscape shifts while maintaining core operations, overall business performance and customer relationships.

From a customer experience point of view, any retailer that can respond in near real-time to changing circumstances, solve problems quickly and keep service flowing is in the best position to deliver outstanding customer experiences. The retailer’s network must be able to scale business applications up and down in line with their strategy and customer demand as well as support emerging technologies and advanced AI functionality to keep their customer experience ahead of the competition.

Advanced visibility capabilities are also crucial, allowing retailers to track and trace every element and adjust suppliers, manufacturers or delivery routes at the first sign of an issue likely to cause a delay. This enhanced supply chain visibility and transparency result in the just-in-time fulfilment model so important to customer satisfaction.

How sustainability supports customer experience

Retailers know customers are increasingly concerned about sustainability in retail and look for genuine improvements and credentials; in 2024, 72% of customers are actively buying more environmentally friendly products than in 2019, and 81% expected to buy even more over the following five years.

Alongside this knowledge, retailers are also intensely aware that their sector’s reliance on energy-intensive operations, transportation and supply chains results in sizeable greenhouse gas emissions. As part of their Environmental, Social and Governance (ESG) activity, the majority are committing to carbon-neutral or Net Zero targets and working to reduce carbon emissions by adopting more energy-efficient practices and investing in renewable energy sources.

Retailers experience considerable overlaps in their operational efficiency and sustainability pathways. At its most basic level, boosting operational efficiency means delivering more with less and saving resources such as raw materials and energy. Many have made meaningful progress in addressing the emission levels directly within their control (Scope 1 and Scope 2). However, identifying, measuring and reducing Scope 3 emissions (generated by other organisations in their activities on behalf of the retailer) is more challenging. Tackling Scope 3 emissions is particularly important because up to 95% of all organisations’ emissions come indirectly from their supply or value chains.

From a customer experience perspective, a focus on sustainability can lead to investment in AI-powered supply chain analytics to ensure inventory is allocated efficiently, reducing overproduction, waste and unnecessary journeys.

Retail reinvented: A case study

A business retailing consumer goods wanted to test out a new retail channel. Since this channel was untested by the business, having a digital twin of its stores and operations became even more critical to its success. Data-driven decision-making is most powerful when evaluating major investments. Without data, it couldn't validate the viability of the venture or support the team get buy-in from stakeholders.

We partnered with the retailer to provide technology that would deliver insights rapidly. We implemented a technology mix that included computer vision, wi-fi proximity capabilities and digital signage. Our solutions enabled insights into foot traffic, customer flow through the store to inform store layout optimisation, speed of service data, and sales distribution across time of day and day of the week.

Then, in collaboration with the retailer, we were able to test and fine-tune the technology to inform decision-making and optimise operations. During the pilot, for example, the data guided us to amend the flow through the store resulting in increased sales of previously underperforming products. The technology also delivered data that enabled the retailer to calculate potential ROI figures for a wider rollout, reinforcing the business case.

Your retail partner

Leading retailers choose to partner with us because we have one eye on the present, and one on what's to come. As a proactive technology partner, we scan the horizon for technology trends, craft them into effective tools, and then help our customers incorporate them into their digital infrastructure to achieve their business ambitions.

A consultative approach to optimise your retail operation

Our retail experts will be at your side throughout your digital retail journey. We've fine-tuned our consultative approach to make every step smooth, easy and efficient.

We focus on:

- understanding your business goals and helping you define your objectives
- running a pilot and testing phase where we deploy specific technologies in select locations to validate their impact
- measuring ROI on the pilot, using data to demonstrate how technology investments improve efficiency and revenue
- supporting you to scale up and expand, rolling out your successful pilots across multiple locations backed by proven business cases
- building stakeholder engagement to help you secure buy-in from executives by providing measurable proof of digital transformation benefits.

Global Fabric: An innovative network to drive retail success

The intelligent foundation of any flourishing digital retail ecosystem is our Network as a Service (NaaS) platform, Global Fabric, which is central to how we support retail organisations to delight customers and seize competitive advantage.

Global Fabric is a next-generation multi-cloud network that transforms organisations' connectivity. It's the key to improving productivity by avoiding application downtime, removing network friction and maintaining resilient connectivity as retail networks evolve. It also offers clear routes to optimising cloud and network costs, reducing cyber risk and improving sustainability throughout the retailer's estate.



Digital retail with BT

We bring together our unique perspectives and skills, advanced digital infrastructure and security expertise with deep experience in retail.

EE, for instance, recently transformed the retail experience by leveraging on our digital retail solutions ecosystem.

EE's store experience continues to receive industry awards for its memorable and unique blend of physical and digital interactions.

These assets power our digital retail solution that provides a range of capabilities, including analytics and automation, cloud and edge computing services, collaboration and contact centre technologies and cyber security services. Collectively, digital retail enables:

- **in-store music** to create an ambiance that promotes purchasing
- **digital signage** to display personalised messages to customers
- **Wi-Fi** to create visibility and digital touch points in a physical space
- **video analytics** to understand customer interactions and improve retail operations
- **extended reality** solutions to create memorable experiences and increase customers' propensity to buy
- **sales associate solutions** to empower your team while delighting your customers
- **warehouse and inventory** solutions for automation and real-time track and trace abilities.

Take a look at
EE's transformed
retail experience





Buy into the future of retail

Transformation is already happening - it's up to you whether you lead the change or risk falling behind. Partnering with us gives you a direct, accelerated route to enhancing operational efficiency, increasing sustainability and delighting customers for a profitable future.

Visit our dedicated webpage for more information or contact your account manager to explore the possibilities for digital retail in your business.

Offices Worldwide

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