

Navigating through the digital jungle

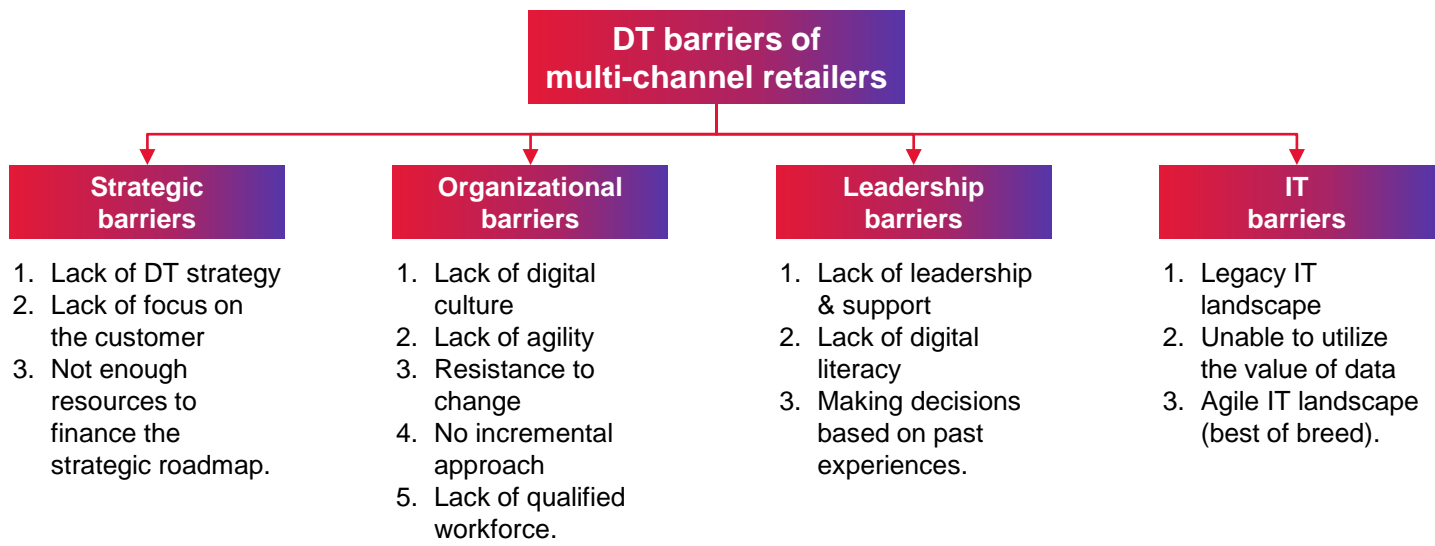


Ranking key digital transformation barriers for multi-channel retailers. A study based on previously published literature, expert interviews and a multi-criteria decision making technique.

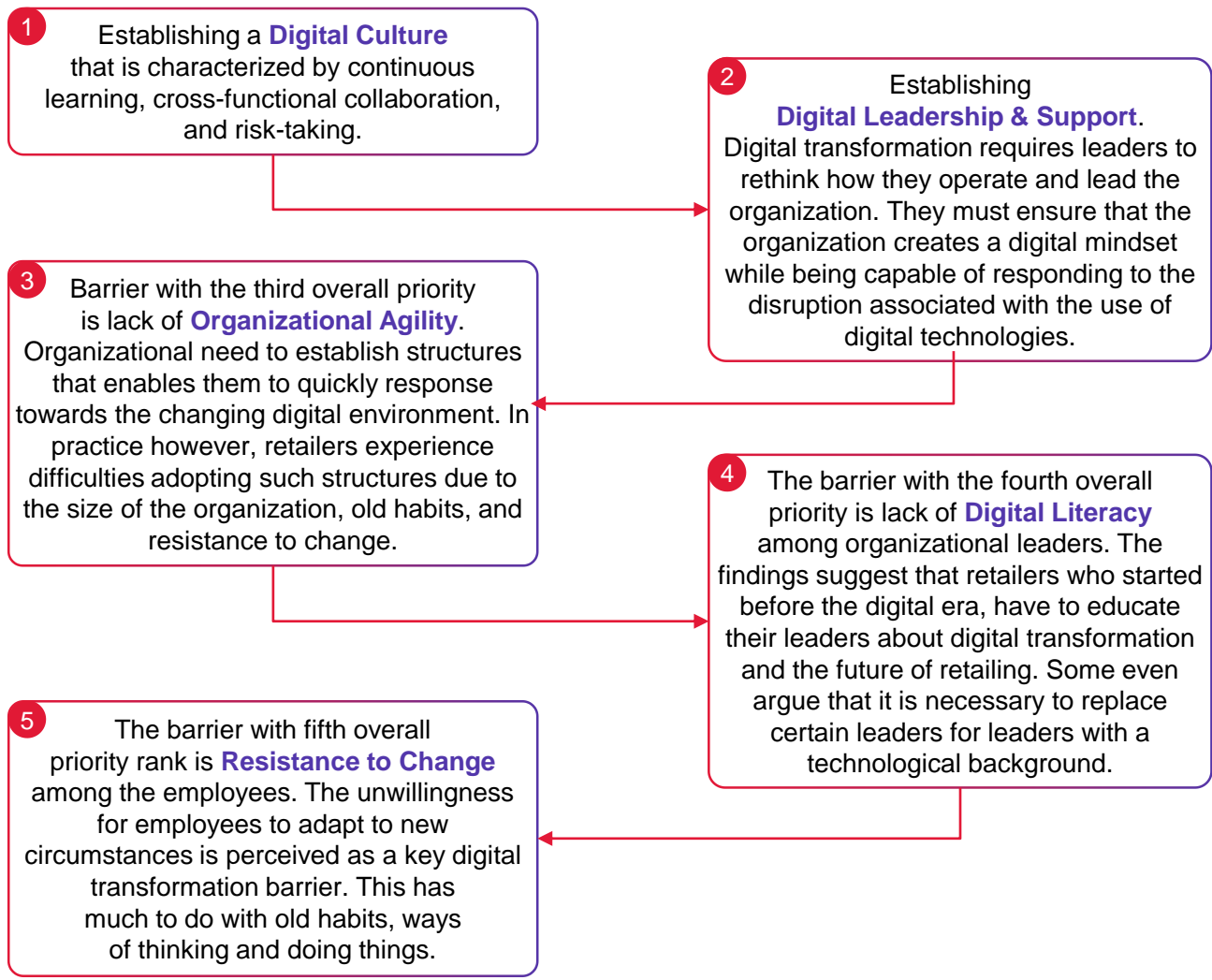
Need to transform digitally

Several studies indicated that retailers suffered losses in market share due to their inability to utilize the opportunities of digital technologies. Organizations failing to adapt to the digital landscape are expected to lose their competitiveness and might even disappear in the future. For this reason, organizations are transforming digitally. This transformation requires organizations to rethink the way they deliver value to its customers by utilizing digital technologies. This often times leads to new organizational processes, in which structural changes are required in organizational structure, processes and skills. This transformation had led to organizational-wide changes as digital transformation affects every part of the organization.

It is however notoriously difficult to successfully implement digital transformation initiatives. This study therefore aimed to identify the barriers of digital transformation and to determine which barriers has to be resolved first by prioritizing them in order to succeed with transforming digitally. Barriers have been identified by researching previously published literature and by conducting interviews with industry experts. Thereafter, a well-established decision making technique has been used in order to rank the barriers in terms of importance to resolve. In total, fifteen barriers have been identified that can be categorized into the following five barrier categories:



A complete discussion of every barrier can be read in the full paper. This whitepaper focusses on the barriers with the highest priority:



“Digital transformation of multi-channel retailers does not start with technology. Rather, it starts with a shift in organizational culture and organizational structure, which should be supported by the leaders of the organization. Retailers should therefore attract leaders within the organization who are capable of establishing the right organizational culture and structure. As long as multichannel retailers fail to address the aforementioned points, it does not matter in which technology nor digital transformation initiative they invest in, as they will likely fail to achieve the predefined goals of those digital transformation initiatives”

Key action points per barrier category

Strategy

- Define a strategy that takes the transformation of organizational structures, processes and the business model through the integration of digital technologies into consideration
- Formulate a strategy, with new KPIs, that has a strong focus on the customer
- Align the digital transformation strategy with all other organizational strategies.

Organization

- Start with changing the culture of the organization
- Digital transformation initiatives should be executed via an incremental approach
- Work according agile methodologies
- The transformation process should be considered as a change management project.
- Therefore, change managers should be involved during the transformation process.

Leadership

- Make someone within the organization responsible for the digital transformation of the organization (Chief Digital Officer)
- Ensure that leaders within the organization have digital literacy and are well aware of the future of retailing
- Encourage digital transformation from topdown

IT

- Move the IT infrastructure to the cloud
- Implement a unified commerce platform
- Rethink what data is needed in order to better understand and serve the customer