



# Strategies for Next-Gen Retail

Modern approaches to adapt and  
thrive in today's retail landscape



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# Meet the biggest challenges in retail by maximizing your insights

The most successful retailers are adapting to new technologies that help make them more competitive and more profitable. When it comes to staffing storefronts, stocking shelves, and creating seamless omnichannel shopping experiences, many retailers look to tech solutions to help fill in the gaps. This is especially true in our modern era of labor shortages, shrinking profit margins, and the ongoing effort to bridge physical and digital experiences.



**Research shows that consumer and retail companies investing heavily in software outperform their peers...those with a mature technology operating model outperform those that operate more traditionally..”**

**McKinsey**



## Today's biggest retail challenges

### Encouraging customer spending

- Economic concerns such as price inflation, geopolitical issues, mass layoffs, and other issues are making many customers tighten their budgets, putting further pressure on retailers' profit margins.

### Maintaining a productive and satisfied workforce

- Staffing shortages put a greater burden on smaller teams of associates who can't always manage the workload, leading to employee turnover and potentially negative shopping experiences for customers.

### Planning for growth in an unpredictable market

- Trends change quickly, and supply chains can't always keep up. Many retailers struggle to keep popular items on the shelves, so customers seek another retailer to get what they need.

### Understanding customer needs and behavior

- Most retailers have the data they need to understand their customers better—but they lack a way to quickly analyze that data and turn it into actionable insights for optimization.



This e-book explores how leaders across retail industries and consumer goods can meet some of their biggest challenges by maximizing their data and integrating the right tech capabilities for their unique needs.

# Grocery stores

**Key challenges:** Inflation, rising costs, staff shortages

## Offset the impact of inflation with streamlined operations

Grocery shopping habits have undergone a major overhaul over the past few years. With inflation continuing to be top of mind for shoppers, grocery store retailers want to make operations leaner and more efficient so they can keep prices in a comfortable range for customers. Many also want to reduce employee turnover by making their day-to-day tasks easier to manage with fewer hands.

Cloud technology solutions offer many opportunities to make the shopping experience more convenient and wallet-friendly for shoppers in the aisles, at a computer, or on their mobile devices. This way, grocery store retailers can optimize customer prices and simultaneously shore up profit margins. Tech solutions can also help alleviate staff workloads, reducing the time it takes workers to perform daily tasks and eliminating the reliance on whiteboards and clipboards to track who is doing what.

### Technical innovation strategies for grocery retailers:

- › Streamline daily operations with a **task management solution** to reduce the time and effort it takes to accomplish and report on everyday tasks.
- › Integrate **in-store assistance technology** like the [store operations assist application template](#) to provide fast and knowledgeable assistance to shoppers.
- › Use **AI-powered recommendations** based on purchasing history to guide online grocery shoppers to the necessary items quickly.
- › Use **data analytics** in the cloud to set competitive prices that fall in your customers' budgeting "sweet spot."



The most successful grocers will continue to invest in personalization and omnichannel capabilities to attract, engage, retain, and deliver value to customers."

**McKinsey**<sup>1</sup>

<sup>1</sup>The state of grocery in North America 2023 | McKinsey

### Customer story: [Profi](#)

Profi is a fast-scaling grocery food retailer with over 1,645 stores and over 28,000 employees. In-store task management involved a lot of back-and-forth movement, with frontline workers checking office computers for their tasks, executing those tasks on the floor, and then going back to the office for reporting.

The company used Microsoft Power Apps to build a solution to streamline task management for these workers and eliminate the back-and-forth. Managers can easily assign tasks and track progress, saving team members at least 30 minutes daily.



#### Improve profit margins with AI-powered strategic intelligence

Microsoft partner TCS Optumera™ has developed a [strategic AI-powered platform](#) that analyzes over 1,000 parameters like local events, competition, weather, demand, demographics, shopping behavior, and more to help retailers make value-chain merchandising and supply chain decisions that improve profit margins and reduce costs.

#### Next steps

Find out how the store operations assist application template empowers workers and drives day-to-day efficiencies.

[Learn more >](#)

# Specialty and luxury

**Key challenges:** Hybrid shopping, inventory management, customer engagement

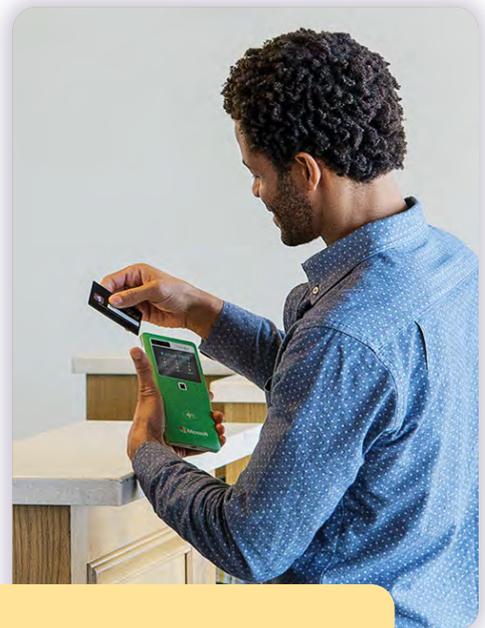
## Show loyal customers that you're just as obsessed with them as they are with you

Luxury and specialty retailers rely on strong customer relationships to drive long-lasting loyalty and profitable growth. With the rise of e-commerce, luxury brand shoppers are becoming increasingly hybrid, with 70% of luxury purchases being influenced by online interactions—but 75% of transactions occurring in-store.<sup>2</sup> If they see a beloved celebrity touting a new piece by their favorite brand on social media, they expect to be able to walk into a store and find the same item. Luxury retailers want to make sure that the items their customers fall in love with online are available to purchase in person, drawing a seamless line from demand creation to transaction.

Cloud technology helps luxury retailers enable a satisfying hybrid shopping experience by connecting e-commerce and physical locations to create a unified customer profile for each shopper. But that's just the beginning. AI solutions inspire deeper loyalty by making it easier to access purchasing history and understand buying habits. With this approach, store associates can provide personalized assistance based on these profiles, even if the shopper has never set foot at that location. Cloud-enabled visibility also makes it easier to ensure stores are stocked with in-demand products, so shoppers aren't left disappointed and empty-handed when the product they wanted isn't available.

### Technical innovation strategies for luxury retailers:

- > Process order histories with an AI engine to recommend products that match an individual shopper's tastes and preferences.
- > Turn every associate into a trusted advisor with the [clienteling](#) functionality to track likes and dislikes, identify opportunities to upsell, and record notes after customer interactions.
- > Put the power of rapid assistance in associates' pockets with mobile-friendly tools like the [store operations assist application template](#) for mobile to support customers quickly and efficiently.
- > Enable real-time visibility into which products are available at which locations to help sales reps ensure promised orders are fulfilled.



Hybrid shoppers...expect to engage with brands through multiple channels simultaneously. To meet these dual desires, luxury retailers must embrace a unified experience across channels, delivering digitally and physically on expectations.”

Sia Partners

<sup>2</sup>The Millennial State of Mind

### Customer story: [Herbelin](#)

Luxury watchmaker Herbelin has always used data to stay competitive. Migrating to Dynamics 365 Business Central and using Microsoft Power BI and Power Apps has allowed the company to monitor stocks in real-time and be more responsive on the production side. Now, sales reps in the field know which watches are available in the company's safes at any given time and can adjust offers based on availability. The company is projecting a revenue increase of at least 15 percent by optimizing its stocks.



#### Provide next-gen pricing to offer the right price to the right customers

[Flintfox Intelligent Pricing Platform for Retail](#) works with Microsoft Dynamics 365 to offer real-time transactional data so retailers can act fast to set competitive prices. Execute pricing for rebates, chargebacks, and claim management, and deliver channel-specific calculations to help ensure customers are getting the right price no matter where they're shopping.

#### Next steps

See how a real-life scenario would unfold using **clienteling** to provide personalized assistance.

[Launch the clienteling demo](#) >

# Convenience stores

**Key challenges:** Market volatility, supply chain constraints, labor pressures

## Enable growth with hassle-free smart stores

Convenience store shoppers come from all walks of life—but they all share the need for speed. From finding what they need on the shelves to paying for their selection, customers are looking for an in-and-out experience that gets them on their way as soon as possible. Unfortunately for many convenience store retailers, it can be difficult to make the process fast, especially if they have limited visibility of store traffic patterns or long lines at the checkout counter caused by clerk shortages.

Cloud technology and AI solutions are ushering in a new era for convenience stores, making stores “smarter” so shoppers can find what they need faster and check out on their own, without the wait. For instance, adopting AI and data analytics can help improve product exploration, helping retailers understand foot traffic and revealing which products are typically purchased together to optimize layouts. They can also provide a frictionless checkout experience, minimizing the number of staff needed and getting customers on their way faster.

### Technical innovation strategies for convenience store retailers:

- > **Track customer behavior** in real-time with deep learning solutions like [the smart store analytics application template](#) to understand the consumer journey from discovery, to consideration, to checkout.
- > Use **data analytics** to determine which products are frequently bought together and place them strategically near each other on the floor.
- > Enable **autonomous checkout** so shoppers can skip the wait.
- > Build customer engagement with a **digital loyalty program** that offers discounts and promotions based on an individual's preferences and spending habits to encourage them to return to their stores, instead of the competition's.



## Customer story: [Żabka](#)

With 9,000 locations across Europe, nearly 15.5 million consumers live within 500 meters of the nearest Żabka convenience store. With the help of Microsoft Cloud for Retail and ISV partner [AiFi](#), Żabka is launching Nano stores that eliminate the checkout line and make it easier for the company to understand customer behavior. With behavior-driven AI, these stores can connect the physical and digital experience with special promotions or offers tailored to specific customers.



**We started with opening unmanned stores, but our ultimate goal is to achieve truly autonomous retail operations by removing the silos between different systems and data resources to leverage the power of AI to the full extent.”**

**Pawel Grabowski**  
Head of Unmanned Solutions, Żabka Future

### Enable intelligent planning with Supply Chain Planning by Blue Yonder

[Supply Chain Planning](#) by Blue Yonder goes beyond traditional response planning to help businesses create highly flexible plans that optimize costs and increase customer satisfaction. AI and ML algorithms take real-time data from customers, suppliers, factories, and distributors to predict potential disruptions and adjust plans quickly, allowing businesses to minimize risks in their supply chain plans.



## Next steps

Discover practical uses for the [smart store analytics application template](#) to see how using AI-powered insights can elevate the shopping experience.

[Take the guided tour >](#)

# Big box stores

**Key challenges:** Supply chain constraints, labor shortages, inflation

## Create engaging omnichannel shopping experiences

Big-box retailers are facing several challenges chiefly driven by inflation and the disruptive force of e-commerce giants. To remain competitive, they're looking to pioneer methods for offering a seamless and personalized customer experience across all channels, bridging the gap between online and in-store shopping. Given the wide range of products and the shrinking number of workers available, retailers face the complex challenge of efficiently managing their extensive inventory and huge stores.

More and more, big box retailers are looking to boost their competitiveness by introducing cost-cutting technology solutions. There are cloud and task management tools to help with inventory tracking and make sure shelves are stocked. Plus, many are combining digital and in-store shopping experiences with buy-online-pick-up-in-store (BOPIS) experiences. Using AI and advanced analytics, big box retailers can gather more insight into their shoppers' buying habits and make incremental changes that improve the shopping experience in the digital and physical worlds.

### Technical innovation strategies for big box retailers:

- › Implement a **task management solution** to streamline operations on the floor so employees can easily track and perform their jobs with minimal runaround.
- › Use the [store operations assist application template](#) in conducting store operations, creating plans and templates, and assigning tasks to different locations to help staff be more productive and available to help customers.
- › Implement a **buy-online-return-in-store** capability so shoppers can make returns in-store for items they purchased online, letting them skip the hassle of repackaging and going to the post office.
- › Create an **intelligent supply chain** that utilizes advanced analytics for inventory management, warehouse fulfillment, and order management.

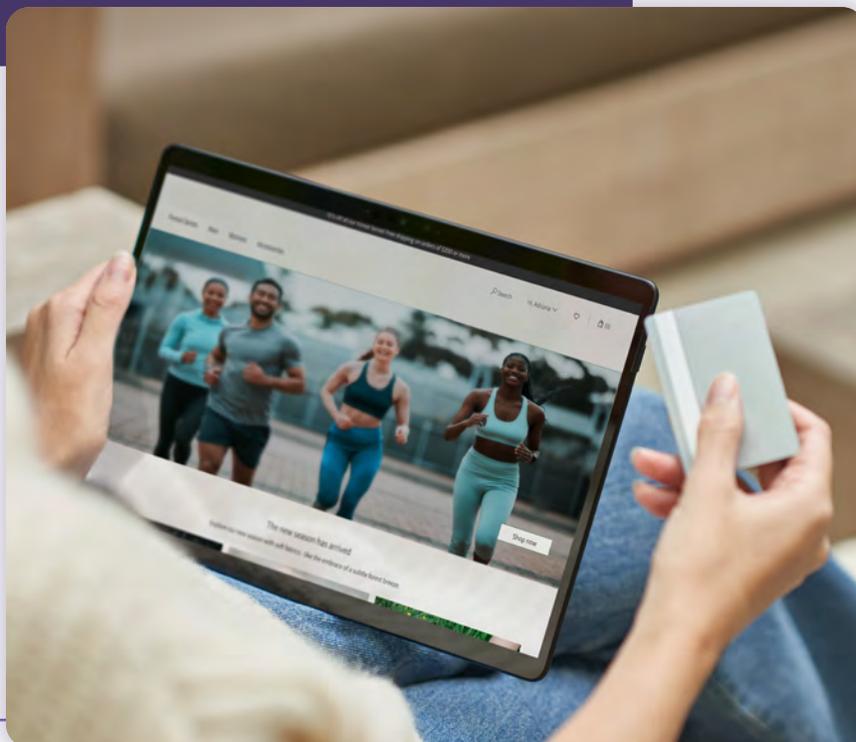


Retailers will differentiate themselves in a crowded, competitive market by engaging directly with consumers, encouraging the growth of communities, and actively encouraging interaction with their brands.”

Deloitte

## Customer story: Sportisimo

Sporting goods retailer Sportisimo operates around 200 stores throughout Europe and hosts an international e-commerce storefront. As the company scaled, there was a quick realization that its operations infrastructure was a bottleneck hindering growth. Deploying Microsoft Dynamics 365 Finance made it easier to expand into new markets and maximize the company's data to improve the accuracy of delivery planning, merchandise approval, and replenishment.



### Enable flexible e-commerce and order management with Sitecore OrderCloud

Built on Microsoft Azure, [Sitecore OrderCloud](#) lets retailers create scalable e-commerce solutions for managing product catalogs, orders, inventory, pricing, and fulfillment across multiple channels and markets. Build a solution from scratch to expand digital selling opportunities, automate workflows for high-volume ordering, and deliver hyper-personalized experiences.

### Next steps

Find out how **flexible fulfillment** tools use AI and inventory data to help retailers move products to the right place at the right time.

[Take the guided tour](#) >

# Quick-serve restaurants

**Key challenges:** Labor pressures, supply chain constraints, speed and convenience

## Boost operational efficiency across locations

Operating a quick-serve restaurant (QSR) involves many time-sensitive factors exacerbated by labor shortages. Even before the pandemic, hiring and retaining employees was tough. It has become even harder due to wage increases and employee turnover. Additionally, delays in deliveries due to trucker shortages and unforeseeable supply chain disruptions have caused problems for QSRs, sometimes leading them to change their menus. Restaurant owners also face issues getting everything from fresh produce to meat and even basic items like coffee cups and takeaway containers, which can limit menu options for the most popular items. On top of that, there are many regulations surrounding food preparation which can vary depending on location, making it hard to implement across-the-board practices.

Amid these challenges, customer expectations for speed and order accuracy are high. With fewer hands behind the counter, technology solutions offer task orchestration and automation capabilities that help keep all bases covered, so staff have more time to handle customer needs and keep order wait times to a minimum. These solutions are a welcome alternative to clipboards for tracking fast-moving activities, giving managers automated alerts when the time is right for a particular task and helping staff focus on providing fast, high-quality food preparation. Additionally, QSRs can use real-time analytics capabilities to accurately forecast demand and work around supply chain disruptions so they keep popular food items on the menu.

### Technical innovation strategies for quick-serve retailers:

- > Keep all bases covered with a **task orchestration solution** that helps staff stay on top of safety and regulation standards, such as proper maintenance of sanitization stations and regular bathroom check-ins.
- > Use the [store operations assist application template](#) to alert managers of tasks in high-speed scenarios so they don't have to rely on their memories when they're busy with other activities.
- > Get real-time visibility with **advanced data analytics** to mitigate supply chain issues and help ensure in-demand food items are available to customers.
- > Build customer engagement with **digital loyalty programs** that offer recommendations and promotions based on their favorite food items.



Technology has become increasingly important to... restaurants looking to adapt to an increase in to-go orders, increased demand for superior customer experience, and greater insights into their processes.”

QSR Magazine

## Customer story: [Americana Group](#)

Americana Group leads QSR with over 2,000 restaurants and 25 food production sites throughout the Middle East. To gain more visibility into its operations, the company chose Microsoft Azure and other solutions to help unify its data and expand its analytics and data visualization capabilities. According to the company's metrics, they can now capture the speed of service time and implement changes across all its restaurants within 15 minutes. As a result, Americana has reported that customers are waiting five minutes less in line, and order-taking time decreased to under a minute on average.



### Improve profit margins with AI-powered strategic intelligence

[LS First for Restaurants](#) connects multiple operations onto a single platform, letting restaurants streamline stock, production, and menu management while also reducing IT costs and eliminating duplicated work efforts. It provides a centralized place to manage menus, recipes, ingredients, and options for offering seamless mobile ordering and self-service POS.

### Next steps

Empower frontline workers with seamless communication tools that span across the entire retail ecosystem.

[Learn more](#) >

# Consumer goods

**Key challenges:** Trend prediction, demand forecasting, product personalization

## Enable agile operations in an unpredictable world

In today's fast-changing market, Consumer goods (CG) companies are looking for ways to be agile to ensure their operations don't suffer every time there's a disruption in the supply chain. Many CG organizations are expanding their share in the digital marketplace to remain competitive and provide more personalized customer experiences. On top of that, customers are looking to purchase from CG companies that strongly emphasize social and environmental responsibility and worker retention, pushing many companies to develop new business models.

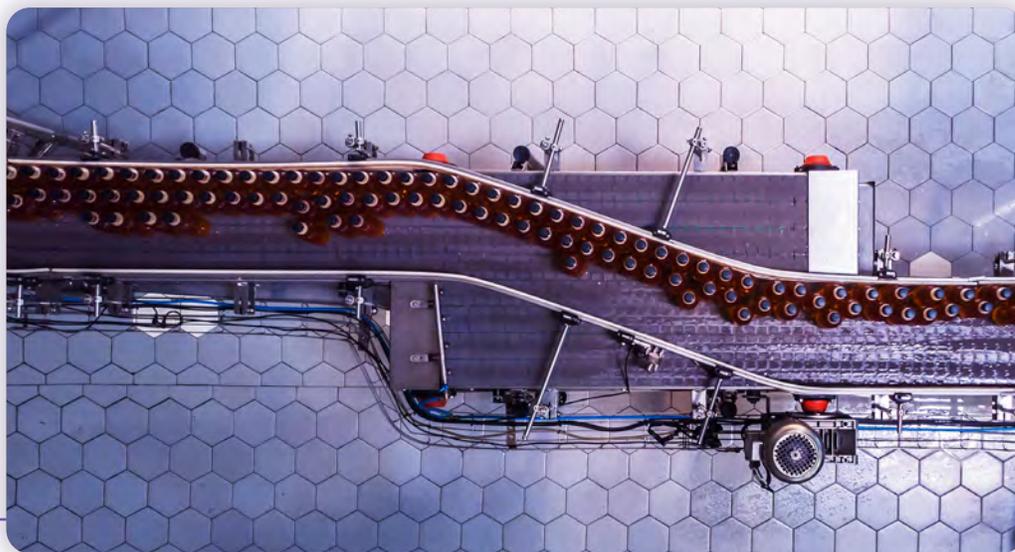
At the core of these CG challenges is data. There are many moving parts involved in CG operations, and cloud technology can help CG operations organizations maximize the data they have to become more streamlined and flexible in the face of disruption. They can draw data from multiple sources using cloud technology and advanced analytics to predict demand months in advance, considering factors like weather, historical purchasing patterns, and geopolitical complications.

- › Use [AI-powered supply chain management technology](#) to enable priority-based planning, predict trends, enhance forecasting, and offer customers real-time stock visibility.
- › Use real-time advanced data analytics to track emissions, reduce waste, and improve sustainability practices.
- › Apply AI to product design to enable more options for customization.



### Customer story: [BRF](#)

One of the largest high-quality food companies in the world, BRF has 20,000 suppliers and employs 100,000 personnel. The company decided to adopt a data-driven strategy that would provide more visibility into fluctuating prices and volatile weather conditions. They wanted to automate specific machine learning functions to create a recommendation engine that would offer greater supply chain visibility and forecasting capabilities based on customer purchasing habits. Adopting Microsoft Azure Machine Learning allowed them to do just that.



### Unify B2C and B2B customer data with the [Adobe Real-Time Customer Data Platform](#)

With the [Adobe Real-Time Customer Data Platform](#), businesses can turn their customer data into actionable account profiles for both B2B and B2C customers. Real-time CDP provides a single view of unified profiles and offers built-in centralized governance, making driving engagement across the entire customer lifecycle easier.

### Next steps

See how consumer goods organizations are transforming to enable a more efficient and sustainable future.

[Learn more](#) >

# Conclusion

Every niche of the retail industry has its own unique needs when it comes to improving operations and services. At the heart of those individual issues is a common challenge—how to use their data and turn it into actionable strategies for improvement.

Maximizing data and using it to power AI functionalities is crucial for retailers in today's dynamic market landscape. With the right cloud technology and tools in place, retailers can adapt, compete, and thrive in an increasingly data-centric retail ecosystem.

## Innovate with Microsoft Cloud for Retail solutions

Microsoft Cloud for Retail connects you with dynamic cloud computing services and solutions to help optimize operations and drive growth. It seamlessly integrates diverse data sources within the retail value chain. Furthermore, it helps connect experiences throughout the shopper journey, offering transformative potential for retailers to grow revenue and deliver more value to customers.

### Microsoft Cloud for Retail enables:

- › **Seamless omnichannel shopping:**  
Elevate and transform in-store and omnichannel shopping experiences to deepen customer loyalty.
- › **More resilient supply chains:**  
Establish an agile and resilient supply chain to help ensure business continuity.
- › **Automation and task management:**  
Reduce manual workloads for employees and free their time to provide superior customer service.
- › **Personalized customer engagement:**  
Create evergreen marketing content that speaks directly to individual buyer preferences and needs.

[Discover Microsoft Cloud for Retail](#) >

