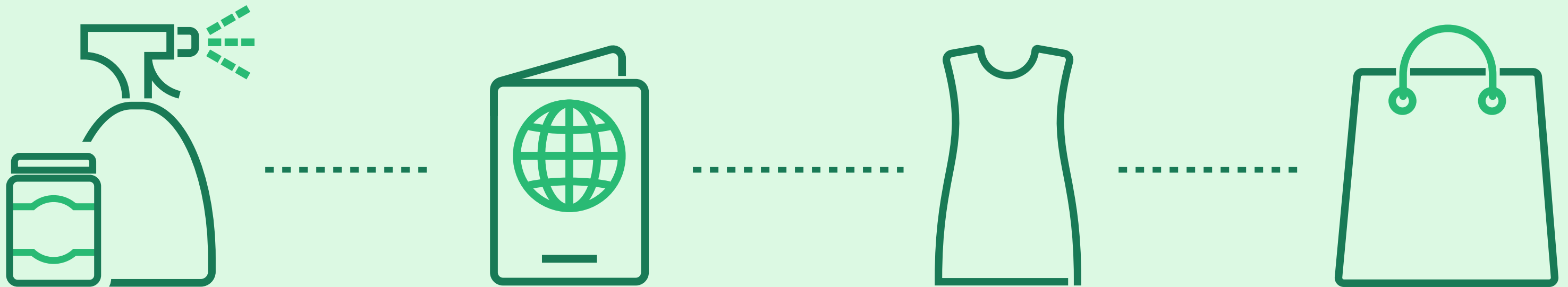


RETAIL

What the Data Tells Us About Digital Transformation, by Industry



The key findings for retailers

With a success rate of 34%, retailers mirror the cross-industry average for companies that achieve their digital transformation goals.

Among the six success factors, retailers demonstrate leadership commitment and develop integrated strategies, but they struggle with employing high-caliber talent, instilling an agile governance mindset, and putting in place a modular, business-led tech and data platform.

Retailers' top three digital transformation objectives have focused on improving their customer-experience and go-to-market capabilities. Growth and business model innovation and digitizing the supply chain have been additional areas of emphasis.

Companies that are further along in their transformation journeys shift the focus from digital reengineering to innovation, digital manufacturing, and digital marketing.

Not surprisingly, e-commerce is the top digital priority for all retailers going forward, followed by next-generation customer and CMI (consumer and marketing insights) capabilities and digitization of the supply chain and support functions.

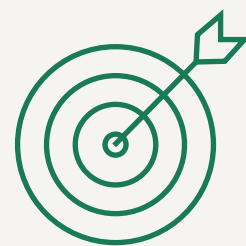
Leaders' priorities—which include dynamic pricing in e-commerce, smart customer segmentation in next generation customer and CMI, and demand forecasting and dynamic inventory planning within the supply chain—do not always mirror the broader industry.

Retailers put more emphasis on ESG goals than companies in other sectors do, with top emphasis on social priorities, notably improving DE&I within the organization and ensuring customer data protection.

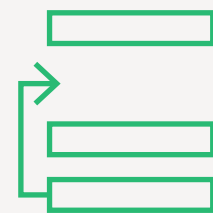
The data in more depth



Rates of success
in digital
transformation



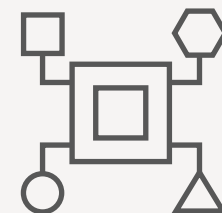
Topics of focus for
retail companies



Top priorities for
the future



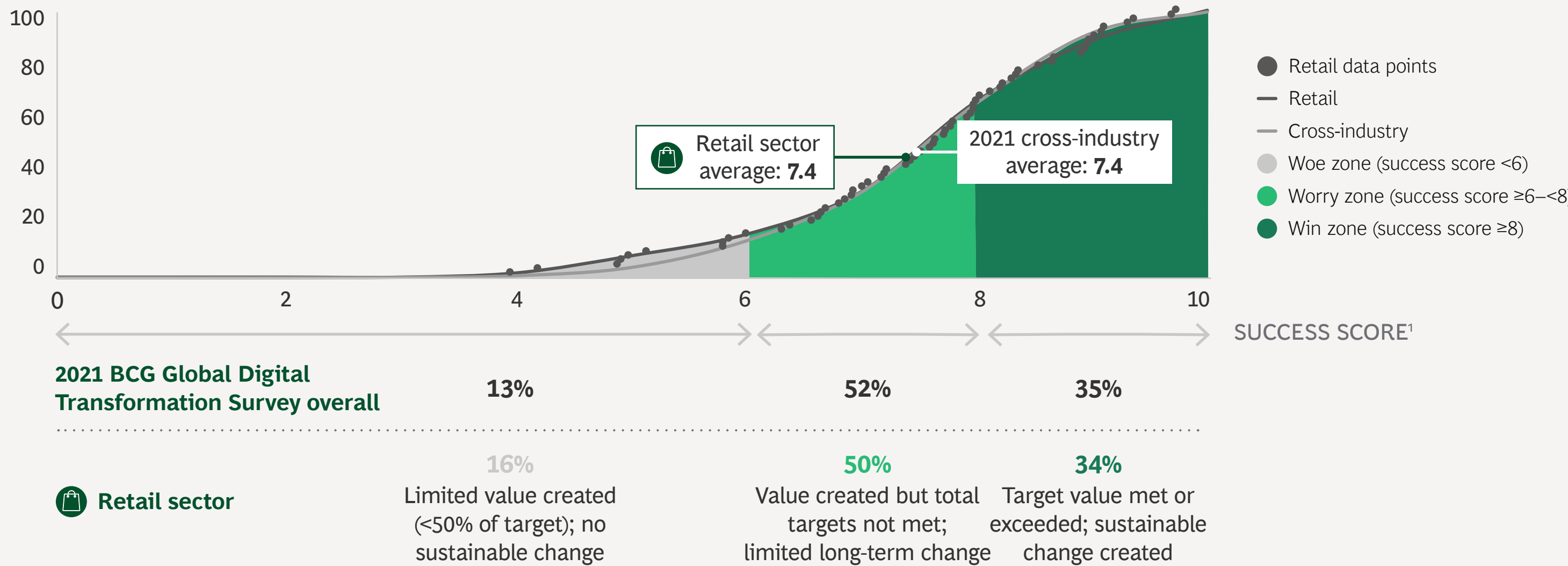
The critical
human and
tech enablers



The role of ESG
in digital
transformation

The number of retail digital transformation winners is on a par with the cross-industry average

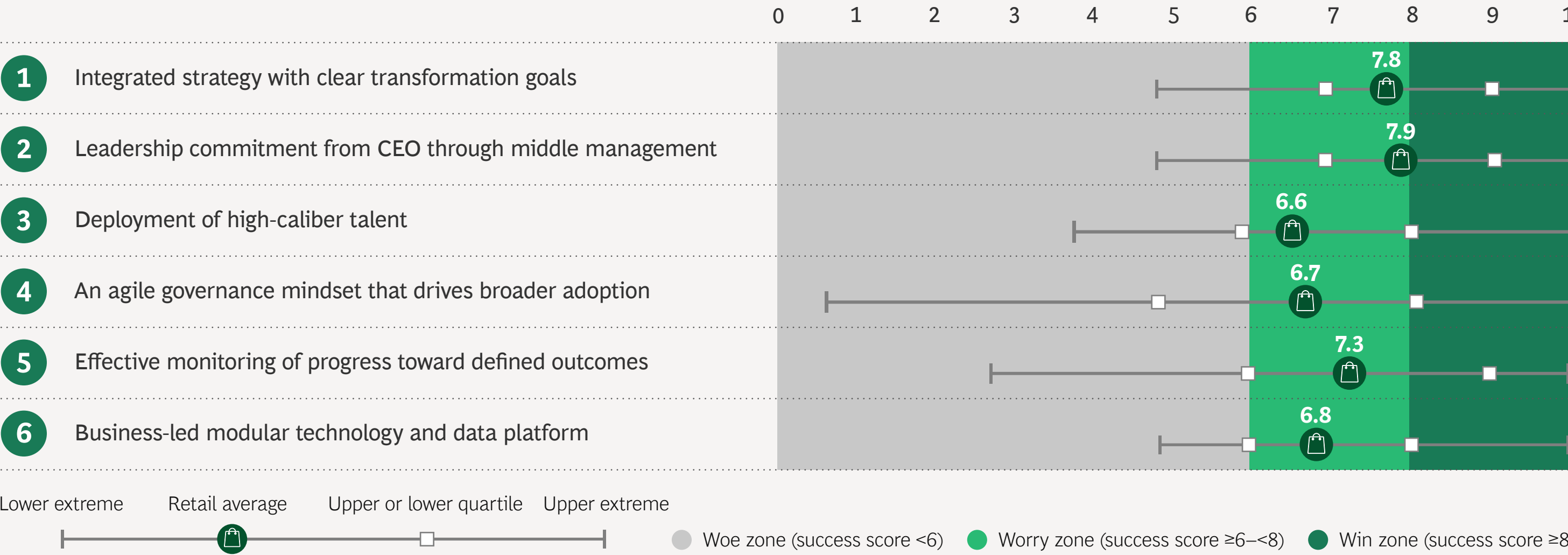
CASES BELOW SUCCESS SCORE (%)



Source: 2021 BCG Global Digital Transformation Survey.
Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10, using the guidelines in the table below.”
¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

Retailers show leadership commitment and have integrated strategies but struggle to employ high-caliber talent and instill an agile governance mindset

DISTRIBUTION OF SUCCESS SCORES ON INDIVIDUAL KEY FACTORS¹



Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10 using the guidelines in the table below.”

¹Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

Retailers’ top transformation priorities involve boosting customer centricity and go-to-market capabilities

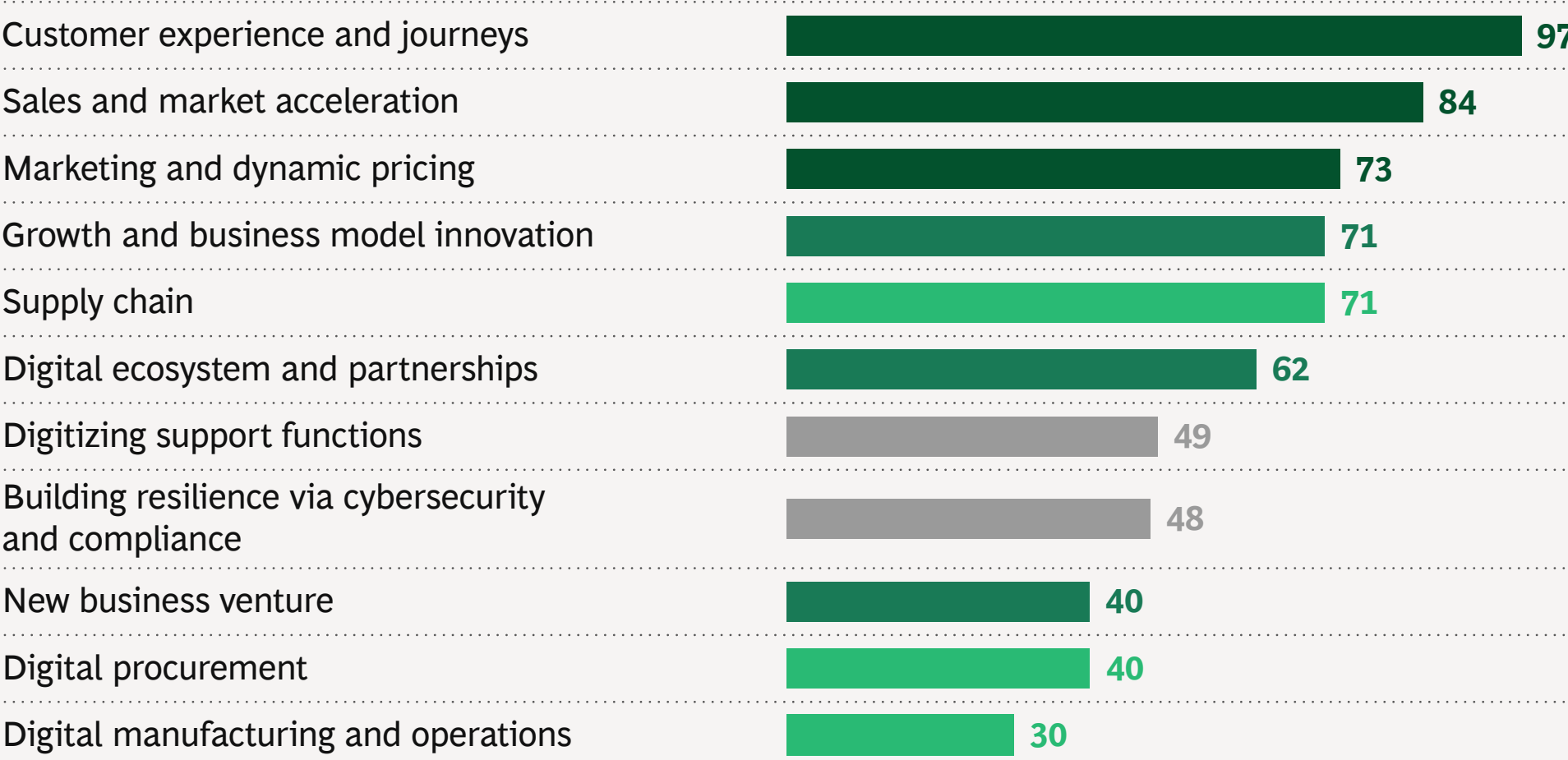
Strategic objectives

SHARE OF RESPONDENTS (%)



Scope of digital transformation¹

SHARE OF RESPONDENTS (%)

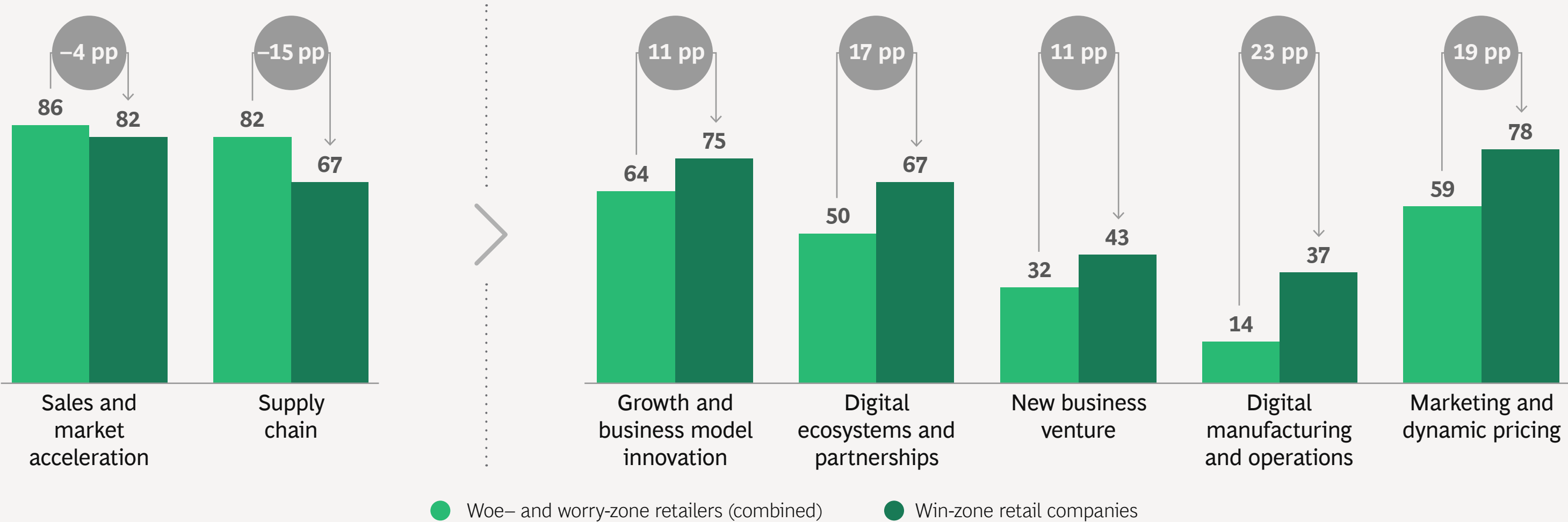


Source: BCG Global Digital Transformation Survey, 2021, n = 73.
¹Respondents were asked to select all priorities that applied.

Those further along the transformation journey shift their focus from digital reengineering to innovation, digital manufacturing, and digital marketing

Scope of digital transformation¹

SHARE OF RESPONDENTS (%)



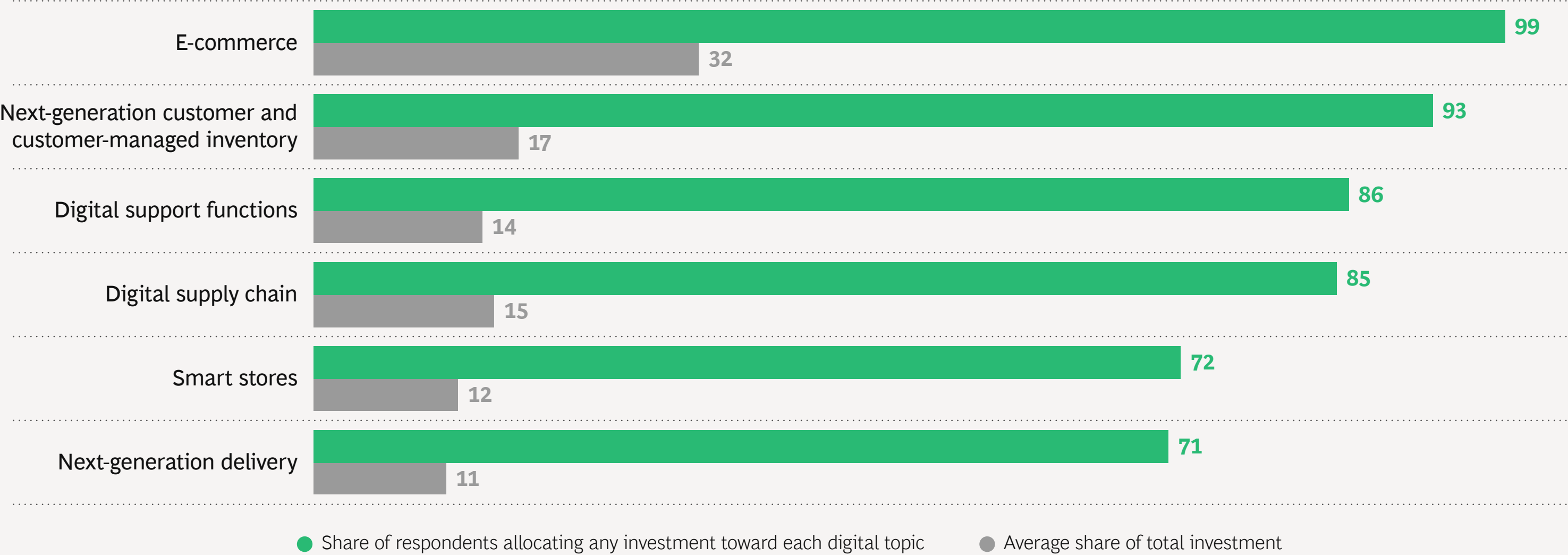
Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “From the list of most common digital outcome areas and enablers in digital transformation, please help us identify the scope of your digital transformation (select all that apply).”

¹Respondents were asked to select all priorities that applied.

Nearly all retailers plan to invest one-third of their spending toward e-commerce

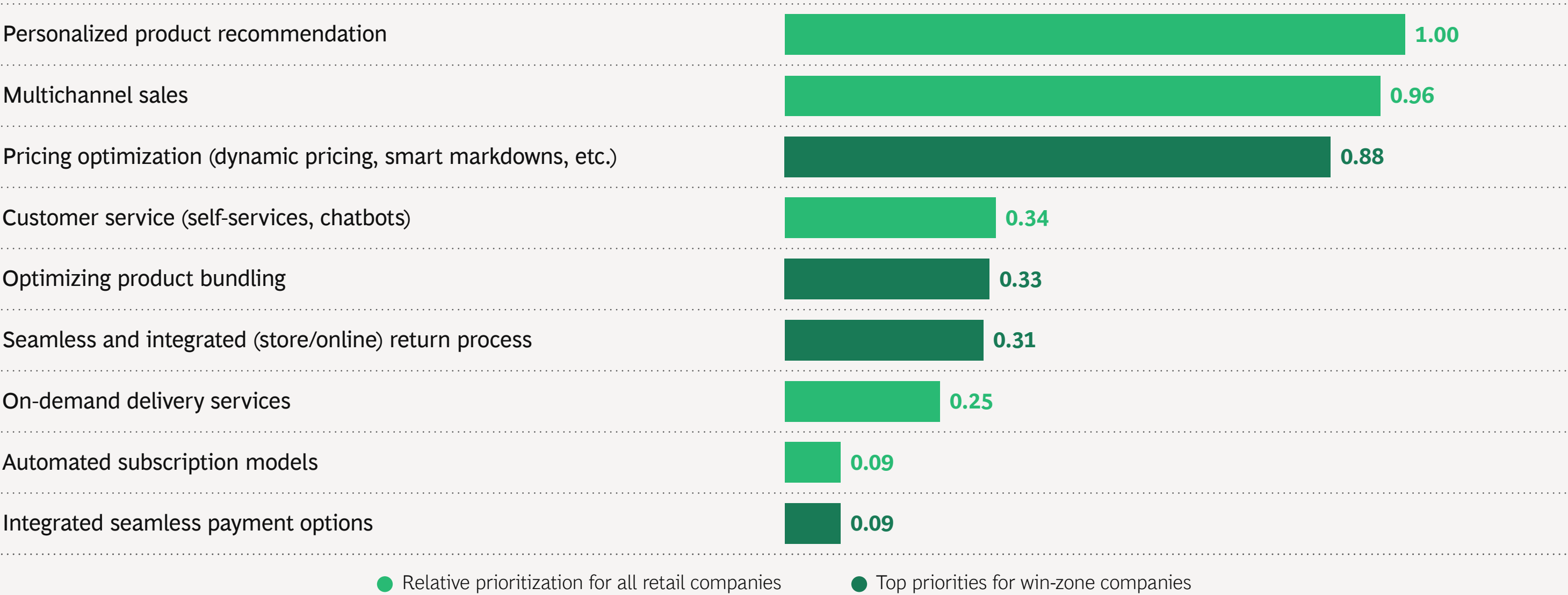
PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹



Source: 2021 BCG Global Digital Transformation Survey.
¹For example, the uppermost pair of bars can be read as “99% of retail respondents plan to invest in e-commerce, allocating an average 32% of total digital investment.”

Retailers’ digital priorities: E-commerce

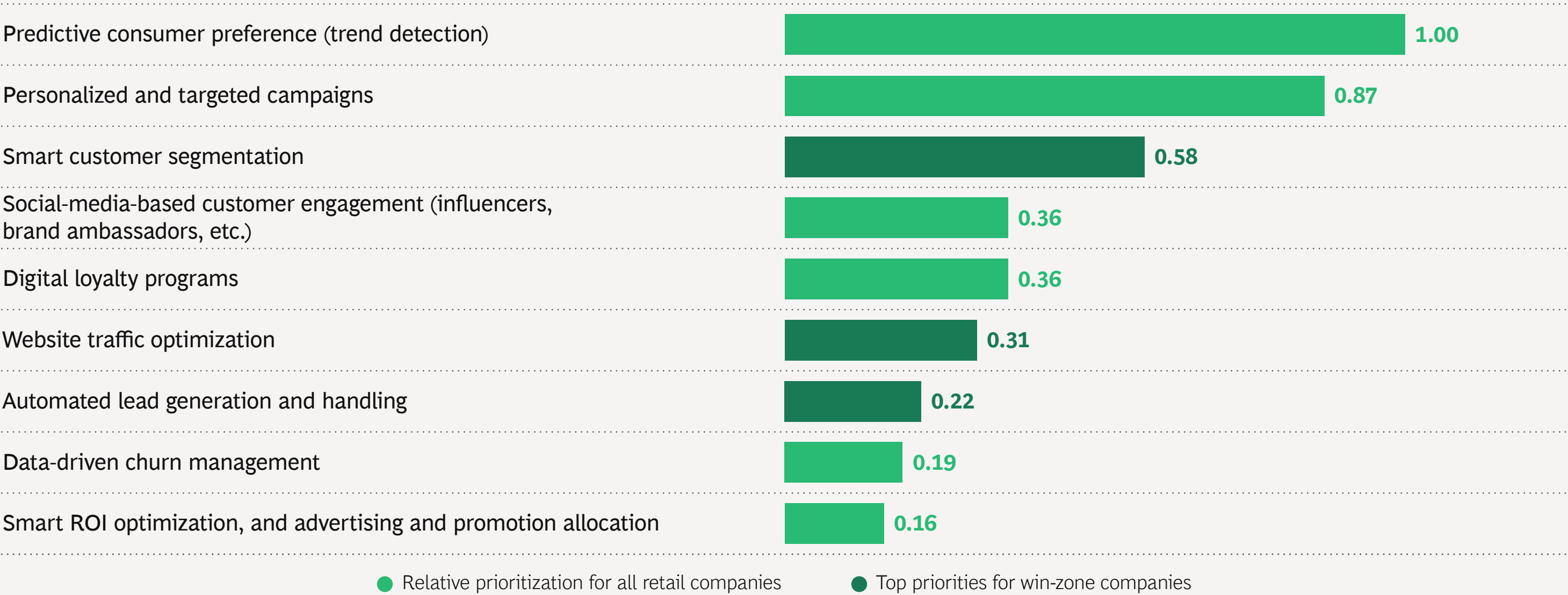
Digital initiatives (bars indicate relative prioritization of initiatives)



Source: 2021 BCG Global Digital Transformation Survey, n = 48.

Retailers' digital priorities: Next-generation customer, consumer, and market insights

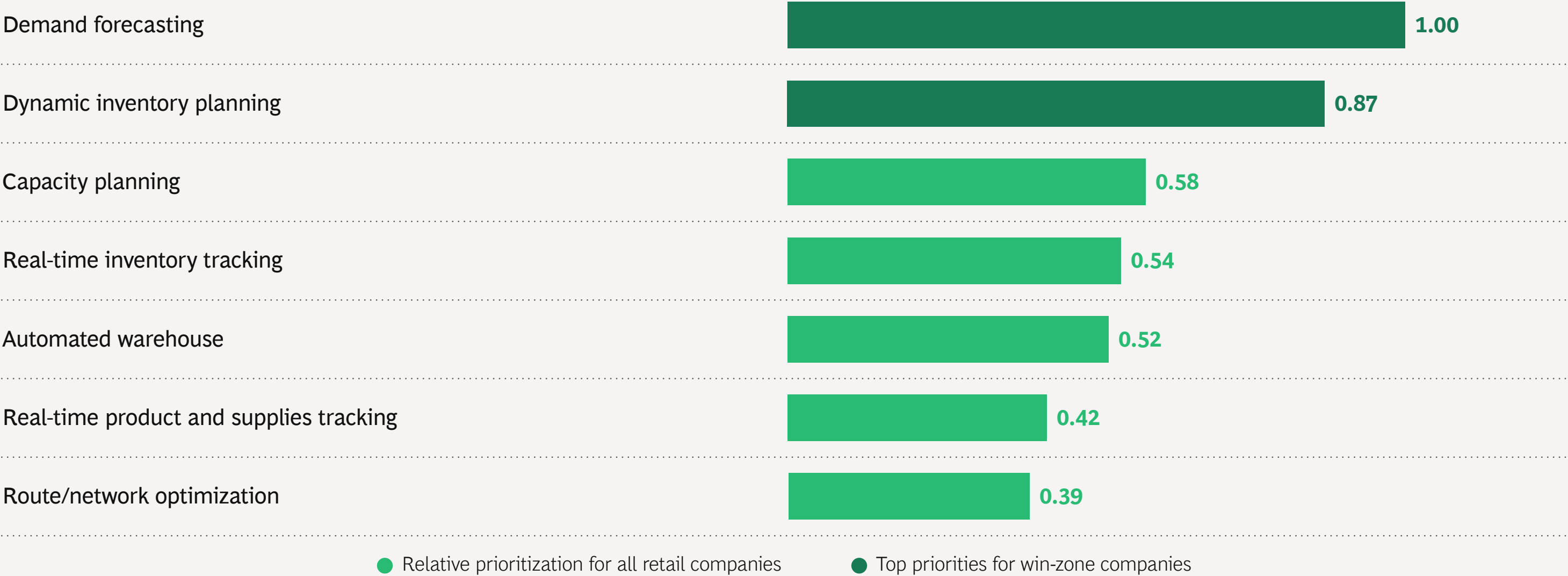
Digital initiatives (bars indicate relative prioritization of initiatives)



Source: 2021 BCG Global Digital Transformation Survey, n = 48.

Retailer’ digital priorities: Supply chain digitization

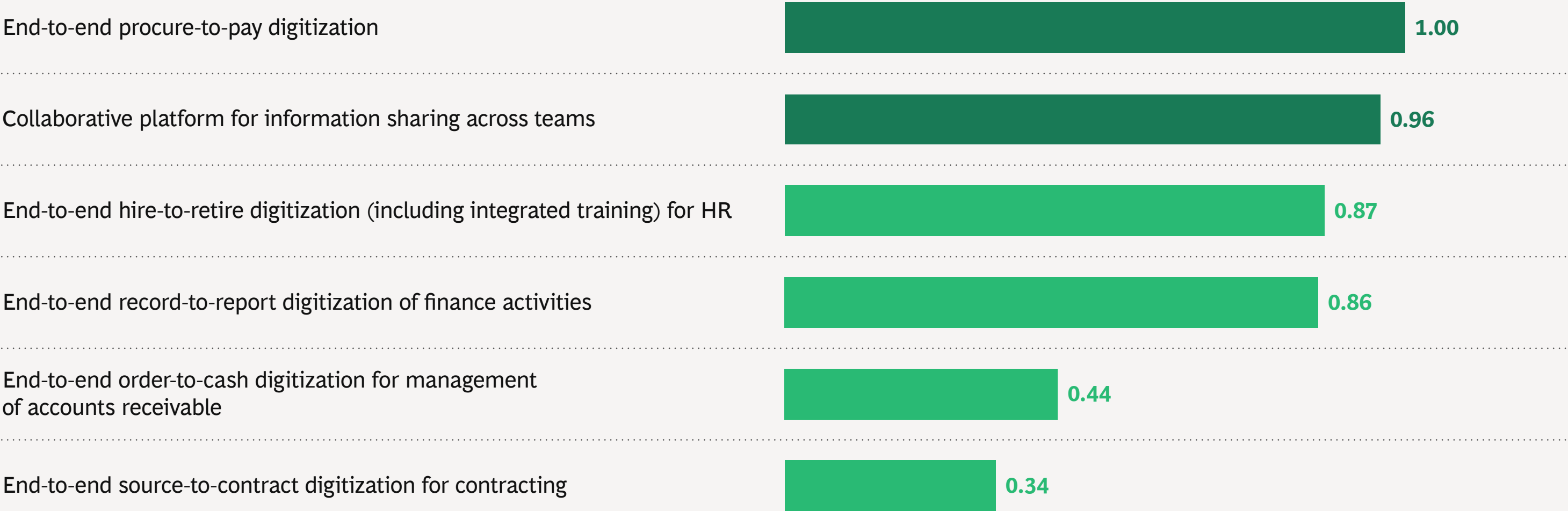
Digital initiatives (bars indicate relative prioritization of initiatives)



Source: 2021 BCG Global Digital Transformation Survey, n = 48.

Retailers’ digital priorities: Digital support functions

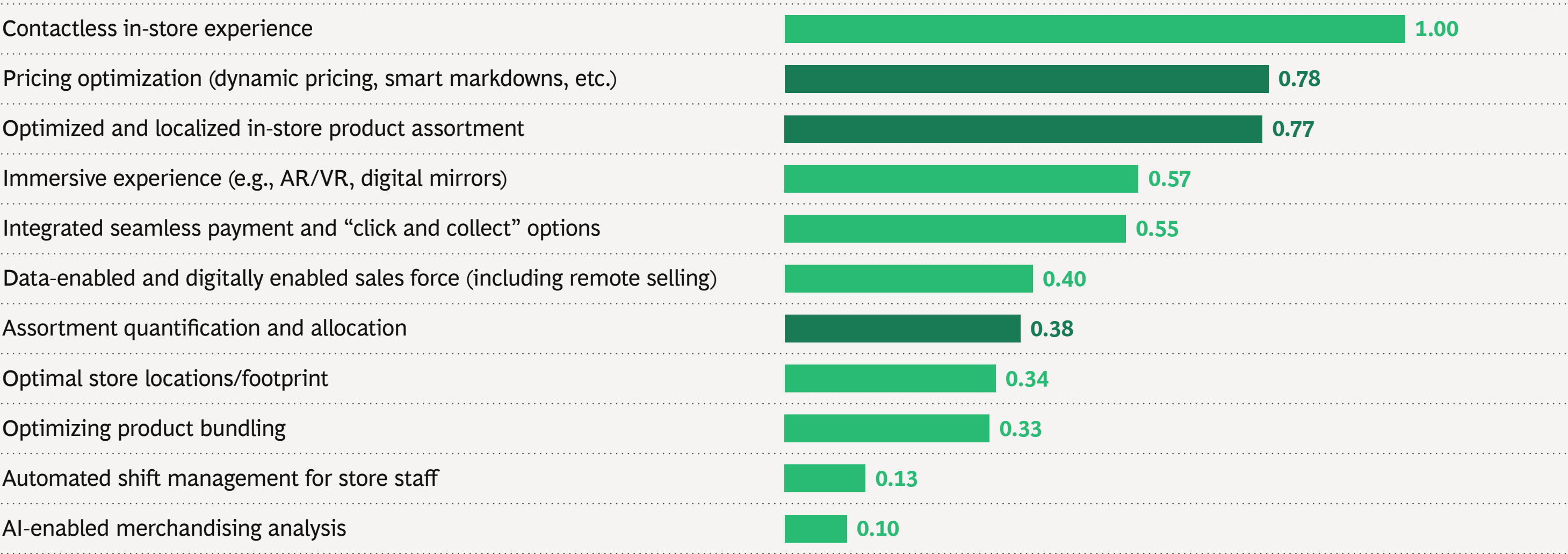
Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all retail companies ● Top priorities for win-zone companies

Retailers’ digital priorities: Smart stores

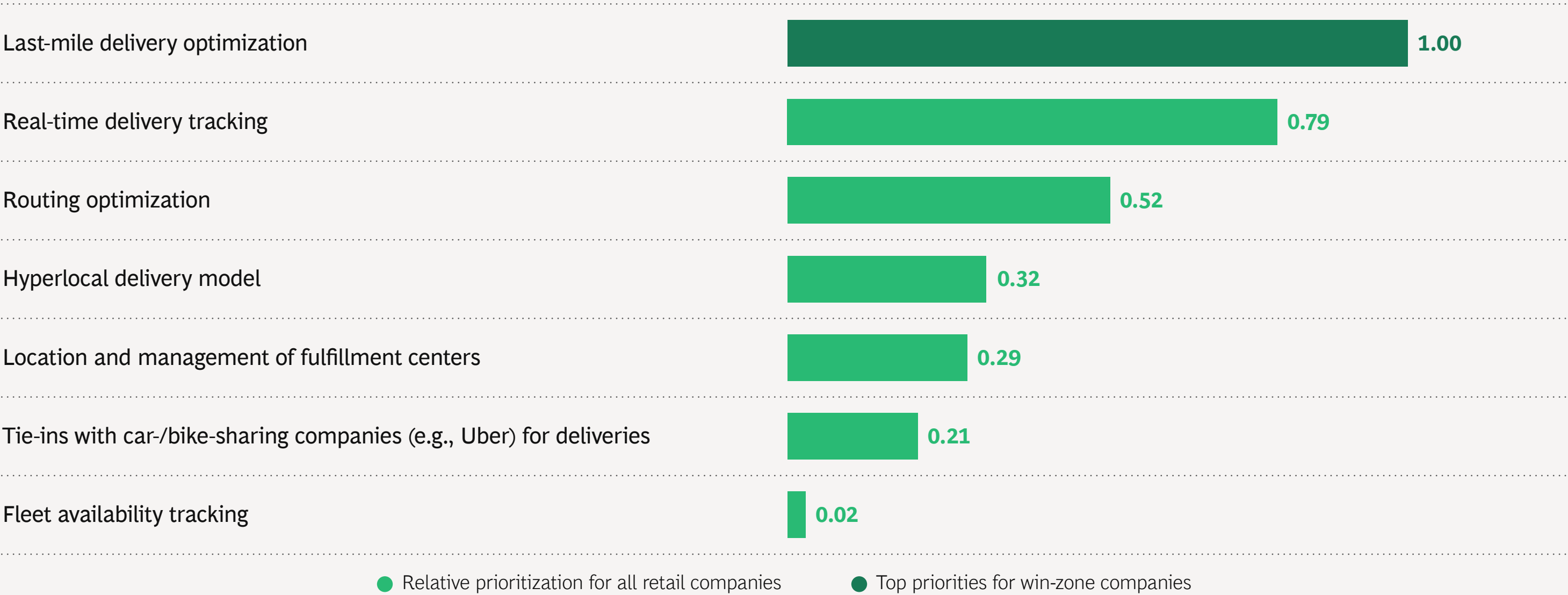
Digital initiatives (bars indicate relative prioritization of initiatives)



● Relative prioritization for all retail companies ● Top priorities for win-zone companies

Retailers’ digital priorities: Next-generation delivery

Digital initiatives (bars indicate relative prioritization of initiatives)

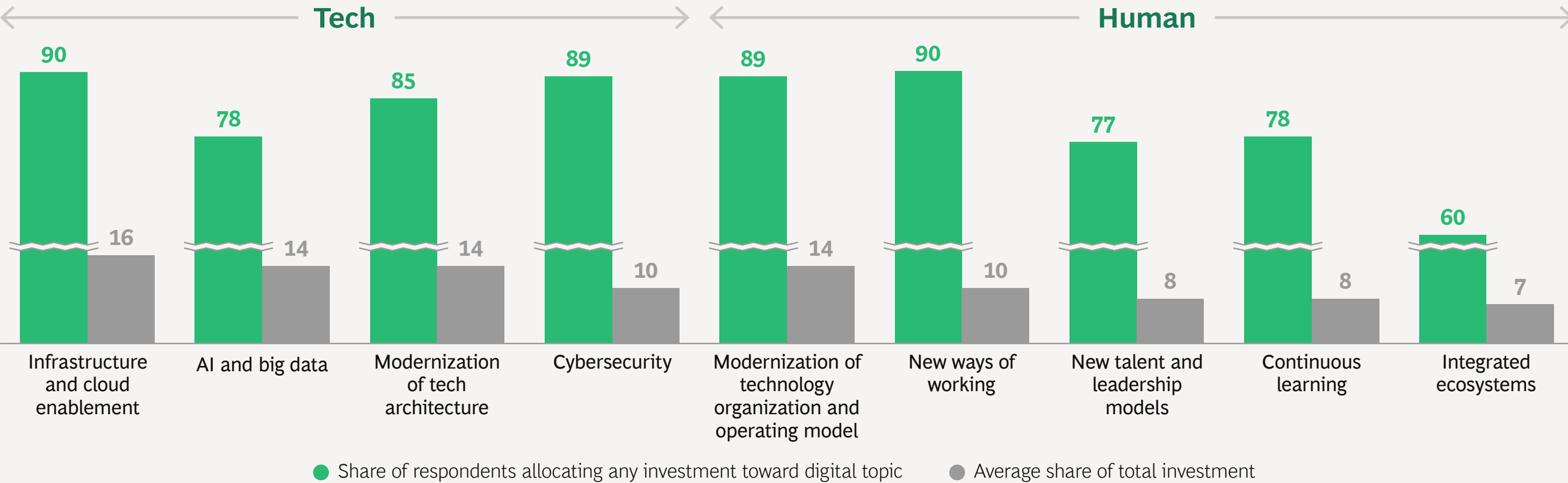


Source: 2021 BCG Global Digital Transformation Survey, n = 48.

Retailers intend to invest across a broad range of tech and human enablers

Almost nine out of ten retail companies plan to invest in infrastructure and cloud enablement, cybersecurity, modernization of tech organization, and new ways of working, allocating about 50% of total digital enabler spending

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS ENABLER DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)¹

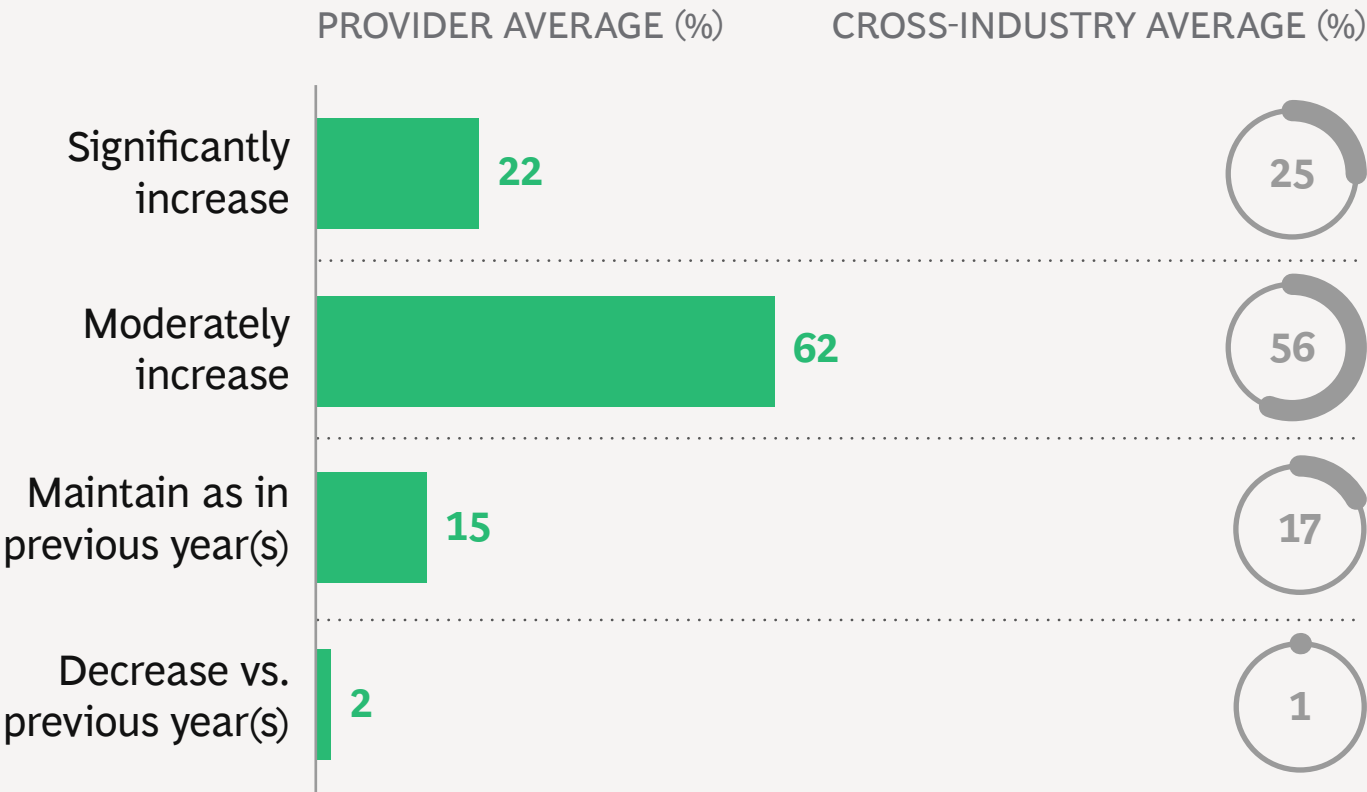


Source: 2021 BCG Global Digital Transformation Survey, n = 73.

¹For example, the leftmost pair of bars can be read as “90% of retail respondents plan to invest in Infrastructure and cloud enablement, allocating an average 16% of their total digital enablers spending.”

84% of retailers plan to increase their investments toward ESG, above the cross-sector average

Share of respondents planning to increase/decrease/maintain investment toward ESG in coming years



Source: 2021 BCG Global Digital Transformation Survey, n = 73.

... with the biggest emphasis on S

Leading digital initiatives being prioritized to support E, S, and G goals



If you would like to discuss this topic, please contact one of the authors:



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