DIGITAL RETAIL & FASHION

We evolve Fashion, Luxury and large-scale distribution businesses, revolutionizing consumer experience and digitizing operations, from the Supply Chain to the smart store.

ENGINEERING
THE DIGITAL TRANSFORMATION COMPANY

WHAT ARE WE DISCUSSING?

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in Maurizio Pecori

With over 30 years of experience in the ICT realm, Maurizio joined the Engineering Group in 1996. Today, he heads the Industry, Retail and Services Department and is the president of Digitelematica Srl, a Group company specialised in e-commerce solutions for the Retail & Large-Scale Retail sectors.

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in Federico Dell'Acqua

Founder of Digitelematica ™, Federico led the software development team for publishing and large-scale distribution, developing an e-Commerce system adopted by reference customers in the sector. In 2019 he sold the majority of the company, now in the Engineering Group, becoming its CEO.

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Graduated in Communication and Marketing, Diletta has worked in Engineering since 2017 in the Industry Division and is responsible for bringing technological and process innovation in the Fashion and Retail sector by developing trusting relationships with customers, together with colleagues and partners.

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Emiliano has 20 years of experience in the journalism and communication sphere, having worked for the l'Espresso Editorial Group. In Engineering, he has overseen many of the company's communication projects and web portals. Today, he is responsible for the creation of Engineering's main content across the various platforms.

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in Margherita Barbarino

With over 25 years of experience in the ICT sector, Margherita has held important positions in her professional career, gaining a strong leadership aptitude. Today, she is the reference point for some of Engineering's largest customers in the Retail and GDO sector, for whom she is in charge of gathering their ICT business needs in order to transform them into innovation solutions.

1 TRENDS, CHALLENGES AND OPPORTUNITIES

Retail & Fashion is one of the market sectors which, more than others in recent years, has passively undergone the so-called digital revolution. A revolution that has overturned the old logic of interaction and creation of value for the customer, to which companies were firmly clinging. This has forced companies to "run for cover", with the adoption of a path of transformation which could only be defined as having just begun before the Covid-19 emergency.

The crisis generated by the pandemic has, in fact, led to a **sudden acceleration of a path of digitalisation that can no longer be put off**. As we describe in our "Engineering The New Normal" White Paper" and in the Focus that takes an in depth look at the Retail sector, during the lockdown weeks, it became evident that only companies with adequate digital experience were able to guarantee business continuity. This, by creating new methods and new virtual spaces that would help them overcome the limitations imposed by social distancing and the impossibility of bringing customers to physical stores. The explosion of e-commerce with a growth of over 55% in 2020 is one of the most sensational effects of this unprecedented situation. But this same "success" has also highlighted the limits to which all players in the sector are subject. Indeed, if fashion or luxury brands, also worn thin by the need to close their physical stores and to send most of their staff home, were certainly not ready to fully transfer their offer onto the Web, large retail operators, on the other hand, first of all those in the food sector, were subjected to a real stress test that has placed e-commerce platforms and the entire Supply Chain on very shaky ground.

Once the emergency is over, it is therefore necessary to transform that "running for cover" into an innovation process. One that does not only signify enhancing their technological equipment, but also reviewing the entire business model in light of the new technologies and consequently redesigning core models and processes.

The New Normal must become a period of awakening for Fashion and Retail players, which must successfully come to terms with the fact that, within the new paradigm that is taking shape around them, many of the old rules simply do not work anymore.

Regardless of the size and segment, **companies must now be agile, think digital first and predict market demands at an ever increasing speed**, relying on new technologies such as Artificial Intelligence & Advanced Analytics, Robotic Automation Process (RPA) and Digital Twin. They must take an active position on social issues, meet consumer demands on transparency and sustainability and, above all, have the courage to be self-disruptive, breaking with the past and with the origins of their success, in order to conquer new generations of customers. They must also invest in improving their productivity and resilience, given the increasingly uncertain outlooks which indicate that growth can no longer be taken for granted.

These are some of the key challenges currently facing the sector, whose existing strategies and productivity have been overturned by the crisis generated by the pandemic. But those who know how to adapt, by acting rather than reacting, will become the leading figures in a revolution that will change the face of Retail forever.

2 ENGINEERING IN DIGITAL RETAIL & FASHION

What is the secret to thinking less and less about how to survive and more and more about how to proactively design your own change strategy? This is the very question that must guide Retail and Fashion companies along a change path that can only be tackled with a strategy that is able to generate new points of contact between the physical and virtual world.

Engineering offers innovative solutions and services, thanks to its expertise in new technologies and its extensive knowledge of customers' core processes. These solutions help leverage greater knowledge of its customers, optimising and monitoring internal processes, reducing costs and increasing revenues, exploiting every single byte of technology currently available and being studied in ongoing research projects.

Engineering is therefore the technological partner that supports Retail companies in exploiting the main growth levers in the sector:

- omni-channel strategies, to counter the decrease in visits to physical stores

- social media channels, which play an increasingly important role in dictating demand and helping smaller brands grow in an explosive manner

- e-commerce, now an essential element for every player in the sector

- speed-to-market and responsiveness, being able to rapidly adapt to an increasingly variable market

- rationalising and making the most of data, in order to optimise all levels of the Supply Chain, from production to sales

- AI & Advanced Analytics to predict critical situations, facilitate more refined decisions, automate repetitive processes and specialise resources, creating value-added services, innovating and in turn gaining a competitive advantage

- a new balance between business, sustainability and social responsibility

- investments in reorganisation, adapting operating models and creating more agile structures that can thrive in the digital world.
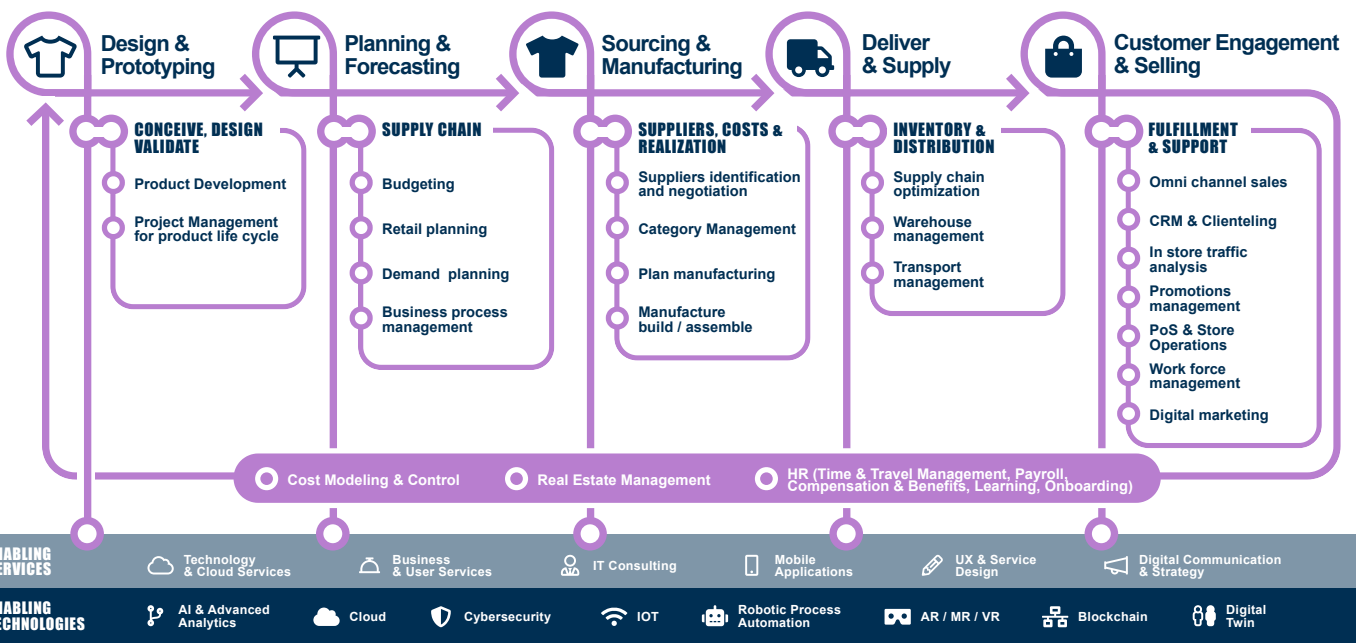
Engineering, together with companies operating in the Retail and Fashion world helps create a fully digital ecosystem, used to manage everything from the definition of the strategy, to the implementation and integration of solutions. A process of innovation of the sector is taking shape thanks to this approach, which aims to:

- **digitise** organisational, production and supply chain processes

- **build** a holistic view of the customers, through the use and analysis of data from the various communication and sales channels, to innovate their shopping experience and increase their involvement

- **integrate** all multi-channel touchpoints in order to improve the knowledge of customers and help build a strong relationship with them.

PORTFOLIO MAP

Digital Retail & Fashion

Portfolio map diagram with five stages: Design & Prototyping; Planning & Forecasting; Sourcing & Manufacturing; Deliver & Supply; Customer Engagement & Selling.

CONCEIVE, DESIGN VALIDATE
- Product Development
- Project Management for product life cycle

SUPPLY CHAIN
- Budgeting
- Retail planning
- Demand planning
- Business process management

SUPPLIERS, COSTS & REALIZATION
- Suppliers identification and negotiation
- Category Management
- Plan manufacturing
- Manufacture build / assemble

INVENTORY & DISTRIBUTION
- Supply chain optimization
- Warehouse management
- Transport management

FULFILLMENT & SUPPORT
- Omni channel sales
- CRM & Clienteling
- In store traffic analysis
- Promotions management
- PoS & Store Operations
- Work force management
- Digital marketing

- Cost Modeling & Control
- Real Estate Management
- HR (Time & Travel Management, Payroll, Compensation & Benefits, Learning, Onboarding)

ENABLING SERVICES
- Technology & Cloud Services
- Business & User Services
- IT Consulting
- Mobile Applications
- UX & Service Design
- Digital Communication & Strategy

ENABLING TECHNOLOGIES
- AI & Advanced Analytics
- Cloud
- Cybersecurity
- IOT
- Robotic Process Automation
- AR / MR / VR
- Blockchain
- Digital Twin

Fashion, Luxury and large-scale distrubution evolve and meet the future with us.

9

3 DESIGN & PROTOTYPING

Today, the creation of a new product that can stand out in an increasingly unpredictable and competitive market, starts from knowledge of the consumer, whose tastes, needs and expectations it is imperative for operators in the sector to intercept and understand.

The processes pertaining to sales and customer relations must therefore be tightly integrated with those related to the product life cycle. Indeed, this is the only way to achieve the objective of **fully satisfying the needs of the market**, thanks to the excellence of the offer.

It is for this very reason that the development of a new product involves the rapid planning of the engagement and interaction of a large number of subjects from different corporate functions, often geographically distributed and operating in an international context.

Companies therefore need to adopt tools that enable them to **collect, organise, share and distribute**, in an efficient and controlled way, all the information needed to follow the product at every stage of its life cycle.

Engineering puts into play process- and product-related expertise, to create solutions that bring benefits in terms of quality, efficiency, control and the containment of time/costs, starting from the initial stages of product design and prototyping, up to its launch, subsequent revisions and retirement.

**With PLM, we manage the collection of a well-known leather goods brand:
from prototyping to merchandising**

Engineering is the system integrator that supports the corrective and evolutionary maintenance of the PLM (Product Lifecycle Management) processes of the leather goods of a leading Italian luxury brand.Through the PLM platform, the customer is able to follow the development of the collection from the early stages of prototyping to the finished product, by way of the creation of the sample collection and industrialisation.

The system manages and coordinates the work between the various actors:

- product development

- modelling

- industrialisation

- costs office

- merchandising

- development of raw materials.

The most commonly used functions are:

- management of the bill of materials in all its variations of colours, measurements, sizes, consumption and costs and large-scale operations on the bill of materials

- management of the processing phases, with corresponding time frames and costs

- management of editing, engineering and quality notes

- colouring rules

- prototype data sheets

- sample requests.

- management of special processes carried out between the cutting and final assembly phases, usually performed by direct suppliers or by their collaborators

- raw materials and product technical data sheets

- reporting.

Engineering's services enable the correct performance of all these processes, critical and crucial for the customer, ensuring maximum efficiency and without interruption.

A platform to innovate a leading fashion brand's product development

The customer is a leading Italian brand in the fashion sector operating on the global market and needs to evolve its IT platform to support product development, improving the efficiency of its processes and the quality of the final product.

Engineering, in collaboration with a well-known technological partner, is accompanying the customer on this path, leading them towards a new approach that is capable of innovating and elevating their current product development processes, from the initial concept phase to the production launch.

In summary, the processes concern:

- the creation of a stylistic concept

- the definition of the collection plan

- prototyping

- the technical development and finalisation of the product for the production launch

- the quality of the finished product.

The new platform will operate in a multilingual context, guaranteeing the translatability of the technical contents based on a dynamic approach, encouraging the exchange of information between all the companies in the Group. Particular attention will also be paid to the final product costing processes, through the introduction of innovations that will concern the optimal use of fabric cuts, in order to improve the efficiency of consumption and costs.

4 PLANNING & FORECASTING

25,187.70

7,645.05

210.95

12,411.80

149.16

27,752.93

23.26

1.41%

A growing competition between brands and trademarks, a reduction in consumption, an increase in the number of e-players, the need to redesign business processes, an omni-channel-based customer approach: these are the main characteristics of the market in which today's retailers must compete with each other, **an increasingly competitive and demanding context** that requires a greater agility and ability to adapt to new trends.

The protection of margins and of financing capacity for business development therefore requires companies to redesign their planning processes, in order to understand demand better and align production and restocking.

Engineering can support the retailer with consultancy services and application solutions designed to help them effectively manage the planning and forecasting process. Specifically, these enable:

- **the definition** of the budget by product (category, family, item), time (year, month, week, day), market (geographical area, channel, shop) and season (autumn/winter, spring/summer, ongoing, etc.)

- **the definition** of the right product mix suitable for each store

- **the planning** of purchases with the correct timing, to avoid the risk of an excessive accumulation of goods in the warehouses or, on the contrary, the risk of stock-outs.

Consequently, these solutions contribute to:

- increased sales

- improved inventory rotation

- an increase in productivity and margins

- the processing of a profitability analysis for each individual store

- greater reactivity to sudden changes in the market.

Retail Planning powered by Engineering

Thanks to our profound understanding of the specific needs of Retail Fashion companies, at Engineering we have developed specific skills and expertise in the management of the Pre-Season Retail Planning process, starting from Merchandising Financial Planning, to Assortment Planning and Open to Buy.

The competence and the ability to select the most innovative technologies on the market offer the best possible support to companies in the sector, which, in managing new collections, start from a corporate budget to be allocated by product categories and sub-categories, verifying the potential of their stores located in one or more geographical areas.

Indeed, through careful product planning it is possible to define the segmentation of the collection by size, depth and individual deliveries, within the launches that make it up during its reference season.

Specific assessment and consultancy activities, accompanied by any market tools, can benefit the financial and product planning phases, up to the Open To Buy part, making it possible to define, quite well in advance, how much to buy of the single collection and how much to leave, pending sales verification.

We at Engineering always bear in mind the IT context in which the Retail Planning processes are inserted: companies that have little familiarity with particularly complex Excel files that are difficult to manage, will in fact find the adoption of standard logic models a huge relief. Their effectiveness derives from the experience that we are able to transmit to operators who wish to improve their Retail Planning process, including with the adoption of specific solutions purposely selected on the market.

5 SOURCING & MANUFACTURING

Retailers manage their relationships upstream of their Supply Chain, focussing on the balance between different, possible Sourcing strategies, one of the key company functions for obtaining competitive advantages.

In the fashion world, the choice of a supplier is fundamental. **In a context characterised by a continuously changing market and by the offer of a wide variety of products**, it is important to know how to choose between suppliers that produce the same item at a lower cost and those that can supply the item quickly, in other words between local and foreign suppliers. Similarly, it is equally important to decide whether to acquire finished or semi-finished products.

The procurement logistics system (Sourcing) and the production logistics system (Manufacturing) must operate in an integrated Supply Chain context and within the perspective of a unitary process. It therefore becomes crucial to move beyond the traditional division of managerial responsibilities, for a more effective decision-making and operational coordination, characterised by greater cost containment and the overall improvement of performance.

This makes it necessary to put in place processes that enable the implementation of close collaboration logics between the various stakeholders of the entire ecosystem, composed of production plants and suppliers.

Engineering can support companies in all the different phases of the industrialised/wholesale commercialised process and retail commercialised process with solutions that enable:

- the definition of medium- to long-term aggregate production planning

- the subsequent definition of Open to Buy (OTB) consensus values, following the updates of the collection structure defined during the Merchandise Planning phase. This process involves both the company merchandiser, as well as each purchasing supervisor responsible for point-of-sale clusters

- the definition of the share of retailer orders corresponding to individual SKUs (Stock Keeping Unit) to cover the first plant or the first sales period

- the definition of a production plan in the medium/short term, aimed at validating demand

- the declination of OTB towards the individual SKUs for each of the company's stores

- the definition of finite capacity scheduling in the short/very short-term, primarily oriented towards the optimisation of work steps

- the definition of the main replenishment plan, starting from the creation of demand forecasts, stock target levels, current stocks, product movements that have already been confirmed (purchases, transfers, delivery from third parties, etc.) and replenishment orders recommended for each logistics node.

In the **Large-Scale Retail world, the Sourcing function** is equally significant. The focus here is on:

- management of the procurement process associated with the distribution centre

- optimisation of activities, in a supply chain logic, ranging from the negotiation of purchase conditions, to the definition of orders, up to the verification of supplier invoices

- management, planning and control of premiums and contributions contracted with suppliers.

Another area of interest for companies in the large-scale retail sector is the topic of **Category Profitability**.

In Retail companies, the drivers for evaluating the performance of a specific Department/Category are sales and commercial margin.
The Direct Category Profitability (DCP) methodology helps companies to evaluate Category performance based on the actual EBIT (profit approximation) generated.

In the evaluation of the DCP, the direct and indirect costs attributable to the specific Category are taken into consideration, including:

- logistics and handling costs (or staff costs) associated with Points of Sale

- space used and cost of specific equipment (refrigerator vs. shelf)

- other costs, such as capital costs based on inventory/rotations

The benefits derived from the adoption of Engineering's solutions and services in support of the application of the Direct Category Profitability methodology can be summarised as:

- **the ability to monitor** Category performance along the entire Supply Chain and not only from a commercial point of view

- **the possibility to define** objectives not only in terms of turnover or margin, but also economic/profit-related

- **the verification of efficiency** in Point-of Sale operations and along the entire Supply Chain

- **the ability to evaluate** the correct allocation of spaces within the Points of Sale

- **the streamlining of operations** based on critical Categories through: Supply Chain impact analysis, in-store operation analysis, the maximisation of Sourcing policies.

Category Management Powered by Engineering

In this context, Engineering has developed a proprietary, agile and flexible solution, designed to help large-scale retail companies in the continuous improvementof their Category Management process: a tool that now becomes fundamental in order to focus attention on the possible shelf-space profitability strategies and on all the correct marketing actions to be taken by manufacturing companies.

Engineering's Category Management Tool enables operators in the sector to speed up and automate the process of analysing profitability by product category, to develop a macro model that is then broken down into a detailed model, up to the implementation of the new product categories model, defined to maximise profitability, starting with a pilot implementation and subsequently adopted by all points of sale.

Use of the tool leads to the achievement of tangible benefits: a 5% increase in revenues year after year and a 4% increase of the market share on private labels.

6 DELIVERY & SUPPLY

Supply Chains typical of the retail world operate in a context of rapid evolution and require flexibility, quality, a greater availability of products, wider assortments and shorter delivery time frames.

In recent years, the traditional model, based only on a conventional "brick & mortar" type of business, has been overturned by the widespread use of e-commerce and social media channels. This evolution has forced companies to adopt an integrated omni-channel strategy, enabling them to meet customer requests from multiple touch points and to offer a wider selection of products and purchase methods.

In this scenario, an efficient Supply Chain management that optimises logistic processes end-to-end, can make the difference between the success or failure of the market approach. Engineering's consultancy and professional services, together with its specialised application solutions help Retail companies in the process of analysing, streamlining and optimising Delivery and Supply processes.

Engineering can bring value in the evaluation of existing situations (Assessment), in the selection of the most suitable software tools that address the specific needs (Software Selection), in the implementation phase and in supporting change management activities.

The macro-areas in which Engineering focusses its intervention capacity can be defined as follows:

- **Supply Chain Optimisation**, an area in which Engineering is able to propose the application of processes and tools aimed at ensuring the optimal operation of the entire logistics chain, minimising operating costs (including production, transport and distribution costs) and Big Data treatment and analysis, through mathematical modelling and the adoption of best fit techniques

- **Warehouse Management**, an area in which Engineering is able to offer solutions that leverage new technologies such as Augmented and Virtual Reality, drones, robots, IoT, wearable devices and which enable streamlined management processes and the reduction of operating costs

- **Transport Optimisation**, focussed on enhancing the efficiency of vehicle loads (saturation) and the optimisation of primary and secondary distribution through the use of mathematical models and geolocation techniques to optimise routes.

7 CUSTOMER ENGAGEMENT & SELLING

Fashion and luxury brands must tackle the radical change in the behaviour of their customers, who now have new points of contact at their disposal to establish a collaborative dialogue with the brand and, aware of their greater power, expect to obtain better products and services in exchange for the personal information to whose use they consent.

The key is to understand that the relationship between brand and customer is continuous, seamless: the feedback and knowledge obtained from the physical and digital contact points concerning the requirements to be met enable companies to define new actions to be taken, thus generating new feedback, as part of a seamless process.

In this scenario of strong and continuous transformation, it becomes necessary for operators in the sector to consolidate the available information, collected from the various sales and communication channels, in order to create a holistic customer view. Indeed, the acquired customer knowledge enables them to optimise the brand's multi-channel touchpoints, increasing loyalty through a relationship, product and personalised service offer. Engineering's consultancy and professional services, together with its specialised application solutions, help fashion and luxury companies to manage this transformation process, supporting the design and implementation of a **Customer Relationship & Experience Management (CRM & CXM) strategy**.

Through sector-specific consultancy services, Engineering accompanies companies in the assessment phase of existing situations (Assessment), in the design of new, omni-channel relationship strategies (CRM & CXM Strategy Design), in selecting the most appropriate software tools for the needs identified (Software Selection), as well as supporting the adoption and change management processes.

In the B2C and B2C CRM, Multi-channel Campaign Management, Advanced Analytics & AI and Social Listening areas, Engineering offers solutions based on the leading application platforms available on the market (Microsoft Dynamics 365, Salesforce and SAP), extended through the adoption of proprietary application components that make it possible to target the specific needs and business practices of the sector (e.g. Loyalty, Privacy and Digital Signature management, etc.).

This approach enables the customer to take advantage of a specialised solution capable of supporting market best practices, reducing production time frames and costs.
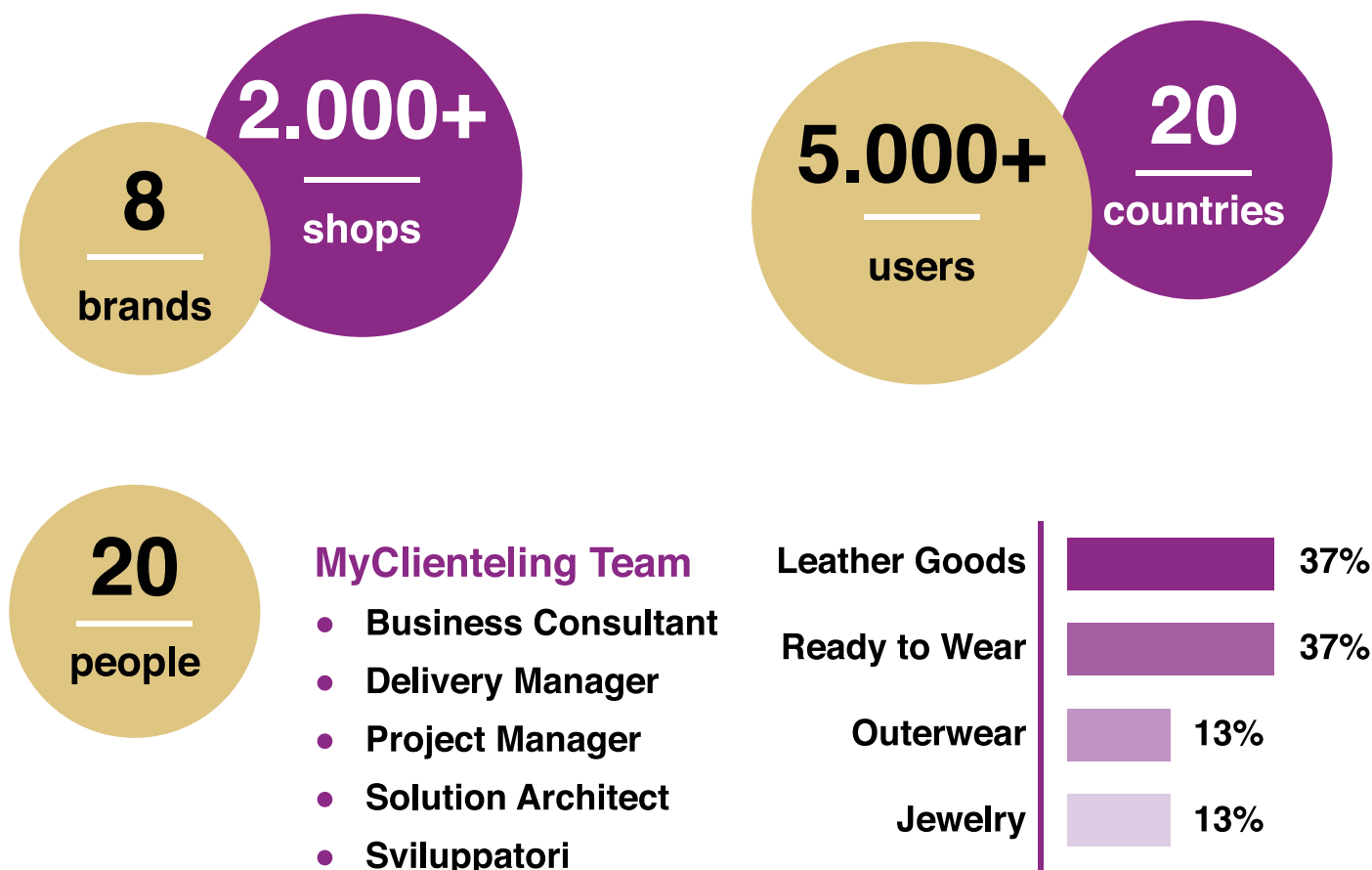
Engineering has continuously proven its ability to make new technologies available to the customer, with actual examples concerning the use of augmented and virtual reality that enable a person to "immerse" themselves in a fashion show or to go backstage, for an "intimate" relationship with the brand. The production process, the careful attention paid to the choice of raw materials and the control of their quality, is another example of an area in which to actively involve the customer through virtual reality.

Finally, to support the new role of the store in the customer's journey, Engineering offers MyClienteling, a mobile application designed to support store staff during the sales process, which has already been adopted by numerous fashion brands.

MyClienteling offers Sales Assistants and Store Managers all the services needed to manage the in-store customer engagement better, establishing a One-To-One relationship with the customer thanks to the integration with leading instant messaging and e-mail apps. Moreover, thanks to the integration with Campaign Management tools, the application is able to enhance products through digital content.

The integration with store systems (POS System) and with the company's e-commerce solutions for the Endless Aisle services, makes it possible to eliminate the friction between the relationship and the management phases, offering a unique experience both to the customer, as well as to shop personnel and improving the sales performance.

Where do we apply it?

8
brands

2.000+
shops

5.000+
users

20
countries

20
people

MyClienteling Team
- **Business Consultant**
- **Delivery Manager**
- **Project Manager**
- **Solution Architect**
- **Sviluppatori**

Leather Goods		37%
Ready to Wear		37%
Outerwear		13%
Jewelry		13%

Our expertise in the realms of Virtual Reality and Augmented Reality gives rise to two solutions designed to bridge the gap in the shopping experience, enabling companiesto act quickly and to preserve their core business.

Chat Boutique, a B2C sales management solution that was created with the aim of bridging the gap in the shopping experience: it is a web app that makes it possible to create a new shopping experience and that does not require a presence in a store. Using video chats, a Shopper Assistant guides the customer in the process of viewing, discovery and purchase of the products, allowing them to see the products in detail and to pay directly online.

1-to-1 video chat between Shopping Assistant (SA) and customer

Video chat booking, SA scheduling management

Share multimedia content

Manage shopping cart on web app

Manage payments on web app

Multiple control of cameras inside the shop

Shoot and send high-res pictures to the customers in chat

Macro & 360° view of in-shop products

Virtual Showroom, a B2B solution that pushes the collaboration between Artificial Intelligence, Knowledge Base and Augmented Reality to the very maximum, to create immersive, remote sharing environments.

Virtual navigation of the environments

Presentation of the collection in augmented reality mode

Remote showroom setup

Personnel onboarding and training

**With MyClienteling, we support a well-known textile company
in its customer loyalty campaign**

Engaging and ensuring the loyalty of its customers in over 250 stores located worldwide, with over 2,000 active users between Store Managers and Sales Assistants. It is with this objective that a well-known textile company, specialised in the production of outerwear and accessories, decided to adopt Engineering's MyClienteling app. Thanks to our solution, the sales staff associated with the brand are able to:

- easily access the customer's omni-channel profile in a mobile context (contact info, purchase history, loyalty profile, shopping habits, favourite store, latest activities, marketing campaigns)

- digitally collect customer data, dematerialising the signature and the storage of privacy and customer information cards

- have different communication tools with customers at their disposal (e-mail, sms, WhatsApp, Wechat, social media sharing, all tracked within the CRM), used to provide updates on promotions, new collections and after sales services

- access retail and online stocks to reduce lost sales

- place the order on behalf of the customer and have the goods delivered to the address indicated by the latter.

MyClienteling also works as a communication tool between front-end (sales assistant) and back-office (warehouse runner) resources, in order to speed up the pick-up process, improve the perception of the service and track what customers ask to try.

The adoption of MyClienteling has resulted in a series of qualitative advantages: customer data collection, sales performance analysis, optimisation of information flows, improvement of the brand image, enabling of the guided sales experience. Together with these, the solution has also enabled the brand to benefit from a number of quantitative advantages: improvement of the conversion rate percentage, an increase in the average receipt price, increased efficiency, optimisation of stock, a decrease in the percentage of non-sales.

Thanks to its characteristics, MyClienteling has become a central tool in the customer's omni-channel strategy. This is because the tool helps to build a lasting relationship with the customer, managing their expectations as best as possible, while at the same time allowing the customer to rethink the role of the shop and of the sales staff.

The digitalisation of the Large-Scale Retail sector

In recent years, the Large-Scale Retail sector, particularly the Food & Grocery segment, has undergone a profound transformation. For this market segment, following technological innovation has meant trying to provide consumers with an increasingly easy, engaging and loyal shopping experience, to be able to guide and anticipate their purchasing behaviour.

Thanks to our expertise in enabling technologies, at Engineering, we support Retailers with:

- Workforce Management solutions, in order to optimise the management of cashier shifts, staff shifts and in-store presence

- Process Mining tools, for an increasingly data-driven Supply Chain approach

- AI and Machine Learning algorithms to increase the efficiency of distribution routes, with positive impacts on sustainability and pollution

- AI and RPA, for a better organisation of warehouses and replenishment of shelves in stores

- Big Data and IoT, for a more immediate and smart consumer experience.

With PASSPAY Conad, shopping is just a smartphone away

Revolutionising the consumer experience at the supermarket starting from a smartphone. Thanks to PASSPAY Conad, a solution created in collaboration with Engineering, Conad Nord Ovest succeeded in allowing its customers to shop and pay without ever opening their wallet.

Indeed, the challenge for the cooperative, created from the merger between Conad del Tirreno and Nordiconad, was to simplify and speed up the shopping experience in its stores, creating a preferential lane that would allow customers to pay without having to queue at the checkout.

PASSPAY Conad allows consumers to scan the barcode of each product they want to purchase using their smartphone. Once they have finished their shopping, instead of queuing at the checkout, consumers use an ad hoc lane that allows them to proceed with a fully automated payment, without using any device or credit card and in full compliance with the typical fees of the innovative "invisible" payments.

The checkout flow is regulated by presence detection software, which indicates whether the lane is free.

The benefits of PASSPAY Conad not only concern consumers, but also the efficiency of supermarkets: by decreasing queues at the checkout, this solution makes it possible to reallocate staff to other services such as sales assistance.

Moreover, by using Big Data and enabling technologies such as IoT, AI and Advanced Analytics, PASSPAY Conad allows retailers to get a closer look at its customers' habits and interests, thus improving the product offer and the organisation of its supermarket.

The Large-Scale Retail Sector: Digitelematica's experience

Since the very first days of the Covid 19 crisis, Digitelematica, a SME specialised in web and mobile applications for e-commerce in the Food & Grocery sector which joined the Engineering Group at the end of 2019, has been a leader in the effort to help support large food distributors during the emergency.

In Phase 1, in fact, e-commerce linked to the purchase of food goods saw an increase beyond all expectations, recording growth with peaks of over 160% during the most critical weeks. An increase in requests that placed great stress both on e-commerce sites, and on the entire Supply Chain of large supermarkets. During this challenging time, Digitelematica supported the sector both on the Web side, with its MarketSuite platform, and on the delivery side. If on the one hand, the company therefore guaranteed consumers access to supermarkets' websites (while also providing solutions to support the shopping of those who found themselves in financial difficulty), on the other hand, it has also put in place tools designed to help manage, in compliance with social distancing rules, the long queues that were created outside stores, as well as apps to facilitate the collection of purchases made online even by those who were unable to physically go to the store to shop (e.g. older consumers).

The interventions supported by Digitelematica during the emergency period are in line with the vision of a company that for years has stood by and supported players in the Large-Scale Food & Grocery sector to innovate both their sales systems and their logistics. Based on the firm belief that the Digital Transformation of the food sector must be based on a good balance between the physical and the virtual realms, making it possible to increase the efficiency of services and their presence across the territory, without overwhelming the customer with an excess of technology, Digitelematica offers solutions for:

- **Self scanning**, digital PDAs that guide the consumer inside the store, allowing them to benefit from a smooth and efficient shopping experience and, for as long as we have to live with the virus, also supporting them in maintaining social distances. At the same time, the tool allows retailers to keep track of the warehouse inventory at all times, optimising the supply of goods and their distribution in stores

- **Click & Drive services**, in other words, systems that allow the consumer to place their shopping order online and to quickly and easily pick it up in the store, using preferential lanes that allow them to carry out the operation in a matter of minutes

- **Refrigerated lockers** for the collection of grocery orders, which make it possible to pick up the goods purchased online at any time. This solution, which offers clear benefits to the customer, also allows the retailer to "expand" its area of territorial influence through the creation of hubs in points that may even be quite distant from its place of origin.

8 WHAT IS THE FUTURE OF DIGITAL RETAIL & FASHION?

For the Retail and Fashion market, Covid-19 represented a point of no return. Closing physical stores and moving entire businesses online overnight, made it clear to all players in the sector, in a dramatic and clear manner, that **digitalisation and technological innovation are no longer options but, rather, the pillars on which to build new business models**. Models capable of (re)designing a shopping experience increasingly oriented towards an omni-channel model and towards the web, in which the physical store, even if it does not fully lose its importance, certainly sees it significantly scaled down.

For the sector, however, embracing Digital Transformation will not simply mean acquiring more technological equipment. Instead, the focus must be on reviewing processes that make it possible to provide the customer with an increasingly more personalised offer based on the latter's preferences. The new strategies must take into account not only the contraction of purchasing power on the part of consumers, but also their **growing attention towards values such as sustainability, convenience and product traceability**.

In order to be able to capture consumers' attention, understanding and anticipating their needs and desires, retailers will need to adopt a data-driven approach in which the data, carefully studied and analysed, will allow them to be predictive, to monitor trends in real time and to optimise their Supply Chains (eliminating excess stock and inventory). This will enable leaner production models, capable of following the trends dictated by a continuously evolving market.

But in the New Normal, strengthening your IT infrastructure, enhancing your systems to handle the ever-increasing demand, will no longer be sufficient. Retailers will have to rely on technological partners capable of using Artificial Intelligence and Machine Learning algorithms to measure, monitor and predict consumers' choices.

This approach will enable operators to offer sales services tailored to customers' needs, transforming the latter from a simple recipient of an offer, to a genuine co-designer. By studying not only their purchases, but also their views and their Internet browsing history, it will be possible to offer customers packages of personalised products for example, or to create promotions that reflect sales trends and dress shop windows with the customer's most searched-for products.

This last possibility leads us to consider another trend that seems inevitable in today's context: the downsizing of physical stores and of bricks-and-mortar shopping. During the lockdown, physical stores were forced to close, leading to dramatic economic losses for brands. But compliance with social distancing rules forced retailers to re-imagine the store space. Even this limitation, however, can and must be transformed into a new business model, which starts from a shift in the current paradigm: **the physical store is no longer the starting point of the customer journey, but the last mile of a journey started online**. Bringing customers to a physical store will therefore mean allowing them to live an experience that goes beyond shopping. In this case, once again, the new technologies – first and foremost those related to Virtual and Augmented Reality – will be able to support retailers in the creation of new spaces, where the digital and the real worlds meet: a scenario that will make it possible, for as long as necessary, to respect social distances; subsequently becoming the model for a revolutionary consumer experience, capable of creating a new relationship between brand and customer.

Improving brand awareness with Blockchain

Even technologies still considered "frontier" will be able to help Retailers to strengthen their relationship with a consumer who is increasingly more attentive to the origin and sustainability of the products.

Blockchain is one of the most interesting technologies of our generation: it can show consumers where a product comes from, who made it, with what materials, as well as its authenticity. Technology makes it possible to obtain a holistic view of the entire history of the product, from the collection of raw materials to the time of sale, as well as its movements in second-hand markets. Blockchain can provide undeniable proof of authenticity for luxury goods and much more.

Blockchain-based solutions ensure that we are able to offer the customer continuously certified information, generated and collected from the supply chain and linked to the company's culture, thus improving the brand awareness. They also enable the customer to stay in contact with the Brand for all its needs even after the purchase.

Pattern and Blockchain at the service of the Fashion sector

Founded in late 2000, Pattern Spa operates in the design, engineering, development, prototyping and production of clothing lines for some of the most prestigious, top-of-the-range brands in the world.

Now that consumers are increasingly sensitive to social, environmental and animal welfare issues, Pattern felt the need to adopt a solution capable of guaranteeing the traceability and sustainability of production, as well as anti-counterfeiting (quite prevalent in the luxury sector with the growth of e-commerce and the bargain market) and transparency with regard to the customer who wants to know the origin of production and of the materials used.

The project was designed in two phases: the first phase addressed the B2B side, covering processes that range from the engineering phase to delivery to the buyer; the second, on the other hand, will broaden this perspective, providing the end customer with additional information and functionality, covering aspects of exclusive interest to the seller, such as the initial conceptual design and distribution phases.
Engineering has implemented a modular solution built on the Ethereum Blockchain, based on the QR code and RFID technologies and on the REST API architecture. The solution includes an authorisation workflow for the approval and display of content and offers reporting on KPIs and trends.

Today, Pattern is able to trace and transfer information pertaining to the engineering, modelling, production and quality control phases: from collection data, to factory data and information on the materials used. The current installation is already configured to accommodate future developments of the project, aimed at developing an App that will make it possible to transmit the main brand values to the end customer, adopting the Blockchain technology with a view to brand awareness. By scanning the QR code included on the label, the consumer will then be able to access the history of the garment, which will include every detail, as well as being certified. By making information about brands, stores and social media content available, it will be possible to stimulate the after-sales relationship with the customer and the increase in online sales.

The Retail sector must not see the Digital Transformation as a trend to simply adapt to, but as the best opportunity available to help revitalise its value proposition, offering customers new ways of purchasing and interacting, in turn leading to an easier, more efficient and safer user experience: where the concept of safety is understood not only as the fundamental and primary meaning relating to health, but also that relating to cyber threats. The use of Big Data, Artificial Intelligence and online channels must, in fact, be supported by a Cybersecurity strategy capable of enabling the digitalisation of the sector, while at the same time protecting the business. Thanks to this approach, customers, who are increasingly more careful and attentive when choosing the brand and the place to shop, not only in terms of convenience, but also taking into account the services that are offered to them, will feel safe both when stepping into a physical store and when making a purchase on the web.
To continue along the path of digitalisation, the entire retail sector will need to be supported by a technological partner which does not only offer solutions or platforms, but which understands innovation as a profound and radical change, one in which enabling technologies are the key tools used to redesign processes and organisations. All this, creating a new value chain in a market destined to evolve and to continue to renew itself rapidly and inevitably.

ENGINEERING

For more than 40 years Engineering has been one of the main actors in the digital transformation of both public and private companies and organisations, with an innovative range of services for the main market segments.

With approximately 11,600 professionals in 40+ locations (in Italy, Belgium, Germany, Mexico, Norway, Serbia, Spain, Switzerland, Sweden, Argentina, Brazil, and the USA), the Engineering Group designs, develops, and manages innovative solutions for the areas of business where digitalisation generates major change, such as Digital Finance, Smart Government & E-Health, Augmented Cities, Digital Industry, Smart Energy & Utilities, and Digital Media & Communication. In the course of 2020, Engineering has supported its partners in the continuation and protection of their businesses and key processes, assisting in the design of their 'New Normal' and the mapping of new digital ecosystems. With its activities and projects, the Group is helping to modernise the world in which we live and work, combining specialist skills in the final frontier of technologies, technological infrastructures organised in a unique hybrid multi-cloud model, and the ability to interpret new business models. With important investments in R&D, Engineering plays a leading role in research, coordinating national and international projects with a team of 450 researchers and data scientists and a network of scientific and academic partners throughout Europe. One of the Group's strategic assets is the expertise of its employees, whose development is promoted by a dedicated multidisciplinary training school that provided more than 15,000 training days over the last year..

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