



# HANDELSKRAFT 2020

DIGITAL INTELLECT



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DIGITAL INTELLECT

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Dear readers,

digital business models are subject to permanent change. As soon as one has figured out the latest developments in the digital world, new trends are becoming apparent again. Internationally successful platforms such as Amazon, Netflix, Spotify and Airbnb shape digital customer expectations by constantly providing new services. With AmazonGlobal and the Asian platforms Wish and SHEIN, which are increasingly popular on the European market, cross-border commerce is gaining more and more momentum. Influencers trigger purchasing impulses and political movements. Platforms allow for increasingly quick and convenient shopping. Data and algorithms increasingly influence our decisions and actions and turn e-business into data business.

Not only do companies that want to keep up have to know the current

## DIGITAL INTELLECT

trends, but they also have to be able to react quickly to them. Our experience gathered in 14 years of digital business has taught us: digital projects are never only an investment in new technological solutions, but also always about rethinking, cultural change and thus constant learning within the company – because digital transformation is not a problem that does not occur again once it is solved, but rather a continuous improvement process. Courageous and flexible companies which – in favour of genuine innovation – dare to leave well-known, linear procedure models behind are rewarded. In this regard, courage and flexibility are not only soft skills which need to be demanded and promoted from within the company – they are the result of digital intellect which companies need more than ever in 2020.

As a digital agency, it is our goal to support companies in developing a digital intellect and continuously expanding it. Our team of 300 digital experts offers comprehensive services and know-how to design digital customer relations. At our annual Handelskraft Conference, on our corporate blog [handelskraft.com](http://handelskraft.com) and in the certification courses of our Digital Business School, we take our claim »Digital Success Right From the Start« into account.

**We thank our employees and clients for making our Handelskraft Trend Book possible again this year and wish you a successful 2020.**



# EDITORIAL



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# INTRO

## DIGITAL NATIVES BECOMING OLD FARTS

In his »Declaration of the Independence of Cyberspace« back in 1996, John Perry Barlow already boiled a generation dilemma down to its essence: »You are terrified of your own children, since they are natives in a world where you will always be immigrants.«<sup>01</sup> A few years ago, digital natives were still considered to be leading figures in digitisation: Generation Y was the first generation to be born into an increasingly digitising world. This generation distinguishes itself through pronounced curiosity about increasingly sophisticated products consisting of zeros and ones.

With Generation Z, however, a user group is growing up for whom digital business is no longer just the more advanced version of a coexisting analogue business model. For this user group, the digital world is the basic requisite for interacting with a brand at all.

While digital natives still have a certain tolerance for poor performance and nineties usability

as long as they find what they are looking for, Generation Z expects unconditional digital excellence. While digital natives still see the mobile-first approach as a huge achievement, subsequent generations find it astonishing that applications should not be developed primarily for smartphones. Swiping and clicking are innate gestures for them. For Generation Z, digital data is neither fascinating nor scary, but rather the logical result of and basis for the use of digital services. Digital natives who were considered to be disruptors at times are now at risk themselves of no longer being able to keep pace in the digital world. Who of them understands the hype about TikTok, Twitch and co. for example?

These developments show one thing in particular: it is important to observe closely how the world is changing – and to keep fine-tuning the digital intellect cross-generationally.

BACK  
TO THE  
FUTURE



## #THINKTWICE

In 1998, the jeans manufacturer Levi's dared a personalised online campaign – and failed because of the jeans retailers' resistance since the »personalised trousers« went against their grain.<sup>02</sup>

However, the company continued to experiment tenaciously: the online shop exists again. On the World Retail Congress 2019, Levi's presented a new feature which enables customers to design their own product. By doing so, the jeans manufacturer dared a new attempt to acquire customers through personalised offers and digital commitment.<sup>03</sup>

The persistence of many Far Eastern retailers seems to pay off, too. Even though their platforms and products were considered to be dubious and cheap just a few years ago, they are really en vogue in 2020. Admittedly, it is nothing new that digitisation

facilitates global trade, but the increasing popularity of the platforms Wish, SHEIN and AliExpress, which enter the European market, makes people prick up their ears.

These examples show that it pays off to dig out business strategies which were long thought lost. The ever new technological developments and trends constantly bring new opportunities to expand business models. Personalisation, big data, live shopping, international and cross-channel commerce are not inventions of the year 2020, but it is often worth taking a second look to recognise new potential.

## BIG DATA INSTEAD OF BLIND DATE

The evolution of business models has transformed business into e-business. E-business on its part has produced data – data that has potential. This is not ground-breaking news, but thanks to constantly improving, partly AI-based possibilities for data processing, information can be gathered which takes the opportunities for decision-making to a new level. This information, in turn, allows for innovative customer services. Used intelligently, this data takes companies to the next evolutionary level: data business.

The results of the current »Across the Ages« study prove the enormous potential of data in terms of customer retention. For a better customer experience, 62 per cent of Generation Z would be willing to pass on their data to a brand.<sup>04</sup> The challenge for retailers and manufacturers now lies in finding out how they can use this data in the most efficient way.

The Swedish music streaming service Spotify, for example, dedicates itself to the musicians represented on its platform with its innovative »Spotify for Artists« campaign. Spotify provides the artists with dashboards that allow them to read various information: the popularity of their songs, playlists in which they are featured, where their fans live and how old they are. This data is to help artists better understand their audience and promote their music accordingly.

Krones AG, global market leader in the field of filling and packing technology for beverages and liquid foods, also uses machine data collected by sensors to offer its customers additional services. Instead of complex manual evaluations, the measured data is brought together in the so-called »Datalog Dashboard«. It tells you about impending downtimes as well as optimisation potential for machines.

Automated notifications eliminate downtimes which are costly for customers.

You do not always need additional data scientists to derive potential for process optimisation and customer services from data. Employees who know product, customer and machine data particularly well because of their daily routines often have a data expert slumbering within them. On the way to data business, the knowledge and the ideas that they can contribute are an advantage which companies should make good use of.

**Are you already taking your data to the next level?**



MONTH

DAY

YEAR

PM

HOUR

MIN

62 per cent of Generation Z would exchange their data for an improved customer experience.<sup>04</sup>

#### DESTINATION TIME

MONTH

DAY

YEAR

PM

HOUR

MIN

14 per cent of companies already have a data scientist aboard.<sup>05</sup>

#### PRESENT TIME

MONTH

DAY

YEAR

PM

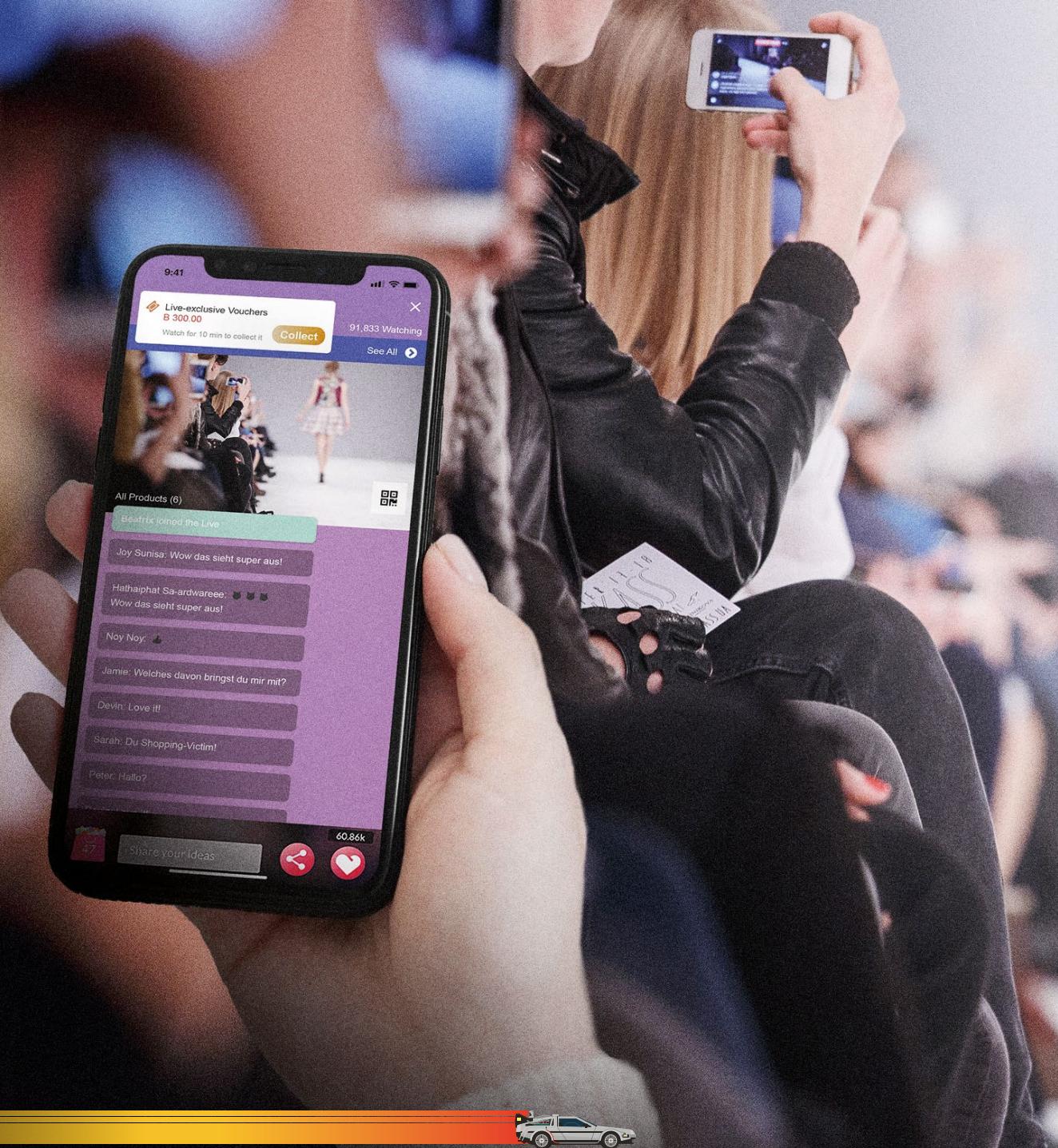
HOUR

MIN

Only 10 per cent of companies already deal with the visualisation via dashboards.<sup>06</sup>

#### LAST TIME DEPARTED





## LIVE SELLS

The opportunities of online shopping create the impression among customers that products are infinitely available. But if everything is available everywhere at all times, where is the thrill, the emotional, personal experience in the here and now?

With »The Drop«, Amazon already takes into account the need for ephemerality in the »everything, at all times, everywhere« age. After release, the limited collections of global influencers are only available for 30 hours. Corresponding interaction rates among the target group are guaranteed.

Social media also knows how to use the advantages of limited availability for their own benefit: Snapchat content and Instagram stories are only available for a limited period of time. Whoever does not consume the content within the next 24 hours may miss out on »breaking news«.

Live streams are saved frequently and are thus available for a longer period of time, but what makes them so popular among fans and followers is the possibility of live interaction with their idols or their favourite brand – and this is only possible while the live stream is being broadcasted. For example, STABILO presented its limited product bundle together with the influencer Frau Hölle in a live stream in such a successful way that the pencil manufacturer itself was surprised by the large number of viewers that visited its online shop.<sup>07</sup>

With »see now, buy now«, Lazada also offers live shopping of the next generation. The subsidiary of Alibaba Group showcases its products at a fashion show, which is streamed live in the Lazada app at the same time. Even while the products are still being presented by models, they can already be put in the digital shopping cart.<sup>08</sup>

This way, customers experience the shopping event character of product releases or pop-up stores despite huge geographical distances.

In B2B commerce, the biggest potential of live formats lies in the field of information brokerage, for example in the form of live installations or webinars followed by a Q&A session. General Electric for example used live streaming in order to showcase its new branch of business, 3D printing, to viewers and to answer questions about it.<sup>09</sup> In particular when compared with conventional product presentations, the only briefly available participation in a brand increases the interaction rate enormously.

**How do you increase the commitment of your target group?**

## POWER LIES IN THE ROLE

No company would still claim nowadays that they do not act customer-centric. Just like a mantra, marketers have repeated for years that customers and users expect offers tailored to their needs. And thanks to technical innovations, personalisation can always be taken to the next level.

What is even more important to consumers, however, than being suggested the right product is receiving personalised information about the product. While Generation Y customers used to be delighted when they managed to find a specific product somewhere in the vastness of the Internet, the availability of products has almost become a matter of course now. Information that meets the needs of the customer can tip the scales when it comes to purchasing – particularly in times when the do-it-yourself industry is booming.

But what use is a range of 12,537 rims to an average consumer if it does not become clear which rim fits his vehicle?

The employee of a franchise shop, however, has completely different priorities. He knows which rim fits. What he is looking for are the best conditions. A live query that determines upon visiting the site who the user is – whether private person, purchaser, marketer or workshop employee – helps to accompany the customer according to his needs along the customer journey.

The electronics retailer Conrad has already implemented the principle of role-based information presentation. Customers that visit the online shop receive other information than the salesperson advising in-store who accesses the online shop from a store. The information, however, comes from the same database.<sup>10</sup>

The role-based information provision becomes increasingly important, not just with regard to customer relations. The amount of data frequently generates a real flood of information. Digital intellect also means to prioritise and personalise in this aspect, in other words to recognise which data is relevant to which target/user group. For example, a dashboard tailored to the different roles within the company can be found in the tracking tool of the company's website. The respective parameters for success control create a genuine added value for marketing, sales and e-business employees.

Information is significantly more individual than products. Therefore, dealing with user roles is obligatory.

**Do you cover your users' needs better than the competition?**



## FROM LOCAL TO GLOBAL TRADE



Global e-commerce is not just establishing itself, it is booming.<sup>11</sup> Consumers are not only buying more and more online, they also buy foreign brands from retailers outside their own country more and more frequently. By now, almost half of all German e-shoppers have already ordered something abroad at least once.<sup>12</sup>

In particular online retailers from China show where the journey for retailers and manufacturers is headed. The Chinese marketplace Wish which is known for its extremely low prices and its excessive in-app advertisements on smartphones became the third biggest shopping platform worldwide within a few years.<sup>13</sup> Almost the same applies to the

Chinese fashion e-tailer SHEIN whose turnover increased tenfold in two years to 1.5 billion dollars and which almost exclusively sells products to customers from overseas.<sup>14</sup> Thanks to a combination of visuals, search engine optimisation and influencer marketing, SHEIN also counts almost seven million followers on Instagram and thus attracts a younger target group.

Alibaba, China's biggest e-commerce company, also expands its international presence to attack Amazon: in Summer 2019, the B2C retail service platform AliExpress opened its first stationary store in Madrid and caused a real mass hysteria.<sup>15</sup> Furthermore, AliExpress has opened its platform to international retailers with the »local to global« strategy so that smaller

and medium-sized companies from all sorts of nations can now also sell their products there.<sup>16</sup>

By contrast, Amazon has closed its purely Chinese marketplace.<sup>17</sup> Instead, the online giant is focusing on the lucrative business strategy of selling foreign products to Chinese customers via the Amazon Global Store. Amazon operates quite simi-

larly in the United Arab Emirates. Because customers look for products more and more globally, more and more retailers dare to cross borders and sell internationally: 80 per cent of online retailers registered in Germany now also ship abroad.<sup>18</sup>

Amazon, SHEIN or AliExpress offer quick ways to be represented internationally even though there are some hurdles to overcome: just think about languages, currencies and customs duties, but also about different preferences in terms of payment methods, or the mobile use that is different everywhere in the world.

DHL shows how the knowledge about country specifics can even lead to new business models: as of late, the logistics specialist operates on the African continent where mailing routes can still be odysseys – not only as a courier, parcel and mail service, but also as an online retailer.<sup>19</sup>

### How do you internationalise your business?



The online retail's turnover accounts for only 15 per cent of the total trade volume. One in two euros thereof is spent on platforms like Amazon.<sup>20</sup> When looking at these figures, the question suggests itself as to whether the hype around digital trade is even justified. Does the focus on e-business even pay off if most of the turnover is still generated offline?

In the age of digital intellect, it should rather be the question whether the perspective »e-commerce vs. stationary retail« is even appropriate. With the right ideas for an integrated retail strategy, digitisation does not have to be the enemy of stationary retail. Quite the opposite! The vision of omnichannel commerce has existed for a long time, but now it has finally arrived in the retail industry.

## LET'S GET PHYGITAL

Brands, retailers and manufacturers increasingly break away from the idea of two competing sales channels and increasingly understand how to create actual added values for customers by connecting on- and offline. One of the pioneers in terms of the integration of digital technologies in sales areas is Fresh Hippo, Alibaba's retail experience campaign for food. From digital check-in and seat reservation in the food court, to product information in the app, to ordering online, payment via Alipay and robot-controlled logistics, Fresh Hippo unites digital experiences with the classic supermarket feeling.

The extent of digital penetration depends on the respective retail strategy. Some online pure players such as Mister Spex

look to enter the stationary retail business in order to reach out to customers even better.<sup>21</sup> Thanks to a strong Instagram presence, other companies, for example HelloBody, currently work perfectly fine as a purely digital brand.<sup>22</sup> And then again, others expand their stationary business with digital services. In cooperation with fellow affiliate Otto, the ECE, Europe's biggest operator of shopping centres, increases its online reach and now also offers customers digital services in addition to stationary services. On otto.de, customers can check products of connected commerce partners regarding their availability in nearby shopping centres, reserve the articles in-store, pay online and then pick them up at the store themselves or have them delivered to their home on the same day.<sup>23</sup>



Digital expansions have the potential to fundamentally change stationary services. This development takes place not least due to the constantly improving performance of mobile devices. The Internet has long since stopped to be a parallel channel. Retailers, manufacturers and brands should understand that the smartphone is a valuable opportunity for interaction to connect on- and offline in a natural way in the interests of the customer.

**How do you connect analogue and digital?**

# THE END OF THE AI REVOLUTION?

## AFTER THE HYPE IS BEFORE BEING PRODUCTIVE

Artificial intelligence is the digital business trend par excellence. That's what you hear. That's what you read. That's what they say. The »Hype Cycle for Emerging Technologies« published by the US research firm Gartner confirms this.<sup>24</sup> In this hype cycle, AI technologies have been rising rapidly for years and have been on the so-called »Peak of Inflated Expectations« for some time.<sup>25</sup> There seem to be two ways from there: either the hype fizzles out and the technologies disappear again – or they reach what Gartner calls »Plateau of Productivity«.

Experts such as the influential US developer and publicist James Somers contradict the rhetoric of AI as trend, hype or even revolu-

tion. With good reason: Somers emphasises that AI can already look back on 70 years of development. He states that we are not at the beginning of a revolution or amidst a hype, but that the AI revolution everyone is talking about is long over.<sup>26</sup>

This is not bad news! Because if you put together both arguments, this means one thing in particular: companies have to think data – available in large amounts – intelligently with the help of intelligent technologies which are also available. To put it differently: we are at a turning point where we have to decide which existing technologies we make good use of and develop further profitably.

The German start-up scene is growing quickly. This is not least shown by the results of the Deutscher Startup Monitor (German Start-Up Monitor) 2018: in terms of future technologies, start-ups will have a leading role as they are carriers and drivers of digitisation. Artificial intelligence is not a vague buzzword here, but concrete everyday working life: 60 per cent of 1,550 start-ups questioned have already incorporated AI technologies in their business model.<sup>27</sup> According to a study conducted by appliedAI, there are 214 pure AI start-ups in Germany – and the trend is pointing upwards because the growth rate of the last three years amounts to 80 per cent.<sup>28</sup> This clearly shows: no innovation lab in Germany is established without AI.

According to the Alexander von Humboldt Institute for Internet and Society (HIIG), the start-ups differ in their orientation: 71 per cent stand for AI as a service, 29 per

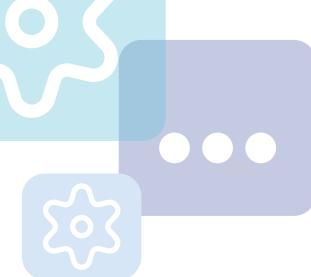
cent for AI as a solution. This ratio of technology development (AI as a solution) and business process transformation (AI as a service) is quite similar on a global scale even though a mixture of research and service also drives innovations forward.<sup>29</sup>

It is characteristic of many German start-ups that they were founded out of science: an example of this is Signatrix whose business idea is based on master's theses in the subjects of computer science, maths and economics at the University of Bonn. The young company wants to help the retail industry with computer vision to solve a huge problem: shoplifting. Because of shoplifting, the German retail industry loses about 3.4 billion euros every year. To put it differently: one in 200 shopping trolleys seems to be able to pass the checkout fully loaded without the goods having been paid for.<sup>30</sup>

Signatrix has developed an AI-assisted service which identifies the next best actions with the help of image recognition. In concrete terms, this means that a high-resolution video camera records the content of the shopping trolley at different points of the sales area. Since the intelligent video surveillance manages to not even record sensitive biometric data, the surveillance conforms to the GDPR.

The innovative surveillance software's image recognition is able to classify products individually. When the products disappear between the surveillance points, the programme informs a trained store employee. From then on, a human decides how the suspicion is handled further.

How AI-nnovative are you?





# WILD 'N' AI

In many future scenarios, artificial intelligence not only helps humans to make the right decisions. In these scenarios, AI makes the decision and acts accordingly autonomously. This sounds wild, but innovations need wild thinking and courageous people.

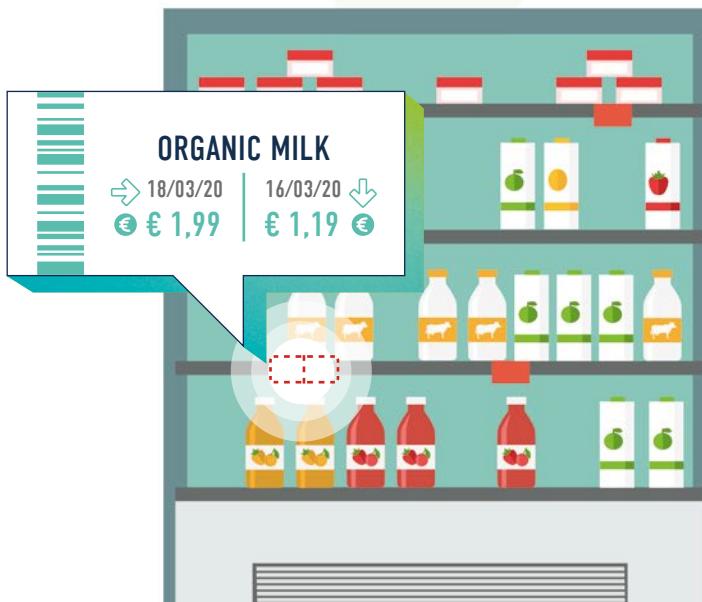
In numerous projects worldwide, exactly this comes together: wild ideas and an understanding of new technologies. In many cases, it is already ready for the market – and thus local companies can learn from Israeli start-ups, American supermarkets and Chinese insect

breeders how to successfully enter the AI adventure.

## THE PRICE IS RIGHT

Israel is about as big as Hesse, the country counts about nine million inhabitants. Measured by area and population, Israel has the highest AI business density worldwide – way ahead of China, the USA or Germany. Wasteless is an Israeli start-up that has analytically dedicated itself to the fight against food waste because 33 per cent of all food produced worldwide ends up in the rubbish.<sup>32</sup>

The company from Tel Aviv develops an AI which dynamically designs supermarket prices. This automated pricing is based on machine learning. The algorithm includes more parameters in its calculations than just the approaching expiry date. It also takes into account demand, shelf space, regionality, brand popularity, inventory, weather data, prices of the competition as well as current purchase prices. In real time, all this information flows into realistic reductions, which the networked price tag displays to customers



in-store while also giving them information about the initial price and price development at the same time.

Employees thus do not have to decide anymore which products are reduced when. Moreover, they no longer have to manually attach red stickers which only mean additional rubbish. Dutch Albert Heijn supermarkets, Spanish DIA stores and the retail chain Iper in Italy have already tested the system in early summer 2019. And they were successful: in Italy, around two thirds less fresh food was thrown away

than before. At the same time, the markets increased their turnover by up to seven per cent despite reductions.<sup>33</sup>

### AI AS BOSS

Since mid-2019, the US supermarket chain Walmart has been working on the AI revolution – not in the sense that it would stop its customers from buying donuts or ready-made burgers. Instead, it is working on the store of the future in Levittown, New York. This store brings together innovations such as AI-controlled cameras and interactive displays.

In Walmart's high-tech store, cameras identify the filling levels of shelves by means of image recognition. Algorithms then calculate when employees should replenish the shelves. This means that employees only take action when the AI tells them to do so. This way, customers can make sure that raw meat, for example, is particularly fresh when they take it out of the open refrigerated counter.<sup>34</sup>



## THE BIG CRAWLING

The next level of wild ideas, which are practically implemented in our data-driven world, can be found in China. There, an animal which is usually combated everywhere because it is a pest is bred under strict supervision and by using the latest technologies: the cockroach. In colonies of billions, they eat the organic waste of Chinese metropolises. Afterwards, they are turned into high-protein pig feed. China is the biggest pork producer worldwide.<sup>35</sup>

The biggest and most modern cockroach farm which the global public is aware of since the South China Morning Post's award-winning report is located in Xichang.<sup>36</sup> There, the pharmaceutical company Goooddoctor breeds six billion cockroaches every year, which are not processed into pig feed, but into

an extract which is used against colon cancer in Chinese medicine.<sup>37</sup>

On its cockroach farm, Goooddoctor works with AI: data is collected and evaluated in more than 80 categories, the ideal breeding conditions are calculated with the help of big data. In a newly constructed factory of the pharmaceutical group, algorithms now are to autonomously control the life cycle of useful pests – from ideal temperature and humidity control, to perfect feed supply, to automated processing of insects.

The data-driven cockroach breeding in China is a business that makes billions. In the last five years alone, around 500 farms were established in order to reduce waste mountains, to do research on alternative nutrition strategies (deep-

fried cockroaches are already put on sushi as a delicacy) and to use the palm-sized insects for medical purposes.

The fact that decisions in the daily working life behind – hopefully – permanently closed doors are not made by human employees, but by algorithms has financial reasons, but also security aspects: considering the huge amounts of cockroaches, it would be dire if the highly reproductive pests were to escape due to an error.

**Which wild ideas can you turn into reality with AI?**



## DIGITAL LAB: IT'S ALL IN THE MIX

We do not always have to look too far away to find innovative, data-driven projects. In the German economy, several digital innovation labs have recently been established. With the support of experienced companies, they fine-tune digital strategies – either established companies turn existing start-ups into their corporate innovation labs or they found a subsidiary.

According to a study conducted by the consulting firm Crisp Research, more than 60 per cent of all corporations listed in the DAX have established such a lab or are planning to do so.<sup>38</sup> Renowned medium-sized companies also follow this trend. It is noticeable that Berlin is not the only location that is booming – innovative digital labs can now be found everywhere in Germany. But how do they have to be organised in order to develop something future-proof?

In innovation labs, even supposedly crazy business ideas can be pursued as long as they have something to do with the core business of the parent company and do not just squander resources for years without any results. In fact, it is not uncommon that corporate start-ups develop those disruptive technologies that show their promoters the way into a data-driven future as the example of Heidelberger Druckmaschinen AG

shows: together with the »Heidelberg Assistant«, the company's lab »Heidelberg Digital Unit« developed a comprehensive digital platform which covers all aspects of the customer dialogue in digital form – from customer service to online shop to further education offers and exciting content. The interaction data flows into an AI in the centre of the digital platform and offers valuable tips for the further development of the »Heidelberg Assistant«.



For its innovative approaches in the field of industry/scaling, the Baden-Wuerttemberg company was promptly awarded second place at the Digital Lab Award 2019 in summer 2019.<sup>39</sup>

Such digitally innovative companies with a long tradition show how a company-internal AI start-up is staffed and operated intelligently:

- Cross-generational is customer-oriented: young data experts which have specialised in AI engineering during their studies and now want to enter the professional world work together with experienced practitioners which, for example, are very experienced in data maintenance and company processes

- »Fail early« as a principle: project managers pay close

attention to strict timeboxing of pursued ideas.

- Innovations are interdisciplinary: in the innovation lab, there is no strict separation between marketing, sales, development and management. Flat hierarchies and agile working are daily routine as well.
- AI is an international business: the team composition of digital innovation labs should reflect internationality and diversity in order to be able to communicate and cooperate with global locations and partners.

**Have you already assembled your perfect AI team?**





# **MODERN WORK – FROM TRANSFORMATION TO INNOVATION**

## NEW WORK NEEDS ICONIC FIGURES

The idea that agile working is reserved for IT or e-business employees persists. However, a cross-departmental cultural change is required so that a company can permanently adjust to its digital environment. There is no point in making agile principles the maxim of a data business project if the company-wide approval processes are not adjusted to this way of working. However, it is also clear that an entire organisation that existed in hierarchical structures for decades cannot live a start-up mentality overnight. Every company has its very own cultural change. How can this be promoted more successfully?

It is one of the basic ideas of agile leadership to move away from central management and pass responsibility to the departments where the appropriate expertise is available. This also applies to the topic of new working culture itself. Employees or teams which have already gathered more compre-

hensive experience with agile working methods in e-business projects can play a flagship role in the New Work movement within a company. In the course of the renewal of its technology stack, Netto's digital unit, for example, has successfully introduced agile project management according to Scrum and has also established a new meeting culture, defined roles within the teams and introduced an appropriate tool set for collaboration. These structures are now adopted step by step by the adjacent organisation units.<sup>40</sup>

The principles of New Work – networked, collaborative and agile working – are very process-related and neither emotionally touching nor tangible at first glance. In order for employees to be motivated to actively support the New Work movement in their company, it is necessary to have leading figures that fill the ideas of New Work with life and are able to get others interested in

the new working culture by doing so. The advantage: employees do not have the feeling that a new working culture is being imposed on them from above. Instead, agile principles are exemplified company-internally by colleagues from personal experience and conviction.



## DIGITAL LITERACY IS MORE THAN CODING SKILLS

Almost every company has talented professionals nowadays. However, tool know-how and technical skills alone are not sufficient to drive a company forward in times of exponential change. It is a question of digital key skills. These include the ability to perceive processes in our environment and to assess which opportunities arise thereof. Then you have to react accordingly – that means deriving concrete actions and initiating processes. This requires methodological and social skills such as empathy and reflectivity, co-working and co-creation – to put it in a nutshell: networking competence.

However, exactly this has been woefully neglected in the last few decades. On the one hand, networking competence got lost because employees were literally trained to work in centrally managed companies in favour of increased productivity. On the other hand, serious labour market crises have led to a sceptical attitude: it is difficult to

convince those that were directly or indirectly affected by job cuts in the past to share their knowledge and possibly make themselves redundant by doing so. Furthermore, exclusive know-how is still rewarded with leadership positions in most companies. Sharing knowledge is tantamount to a loss of power and lowers the chance of getting promoted. This kind of socialisation cannot be undone all of a sudden.<sup>41</sup>

However, digital success requires permanent change and thus constant improvement of all skills for all employees. Knowledge democratisation is a prerequisite to solve the complex tasks of digitisation. So how can employees be motivated to share existing knowledge, delve into new topics by themselves and thus drive genuine innovation in the company forward? Bosch for example relies on »working out loud« when (re)learning networking competence.<sup>42</sup>

Amongst other things, the self-learning programme teaches participants how to let colleagues take part in one's work by using digital tools so that everyone can learn and develop together, true to the following slogan: the person who willingly shares his knowledge and helps others in the company is relevant.

Cross-team exchange of knowledge within the company can also be promoted by designating events initiated by employees themselves to impart knowledge as employee or team objective. The format »Lunch & Learn« where lunch is combined with joint learning is popular.

**How interconnected are your employees?**

## NO FORCE OF HABIT

Most people find letting go of existing, cherished structures, processes and tools unpleasant. However, the reason for this is not defiance or unwillingness, but how the human brain is predisposed. Each change in our familiar environment goes along with brain turbulence and costs energy. The human brain, however, is considerate of energy efficiency. Resorting to familiar things is just like treading a path that is already well-trodden and is rewarded with a feeling of safety and security by the neuronal system. Deciding AGAINST familiar paths and FOR new approaches requires being able to resist the body's own reward system.

The difficulty is not the changed state per se, but in particular the transition from old to new things. Every time uncertainty arises during the transformation process, the brain resorts to familiar things. This way, former patterns sneak back in unnoticed.

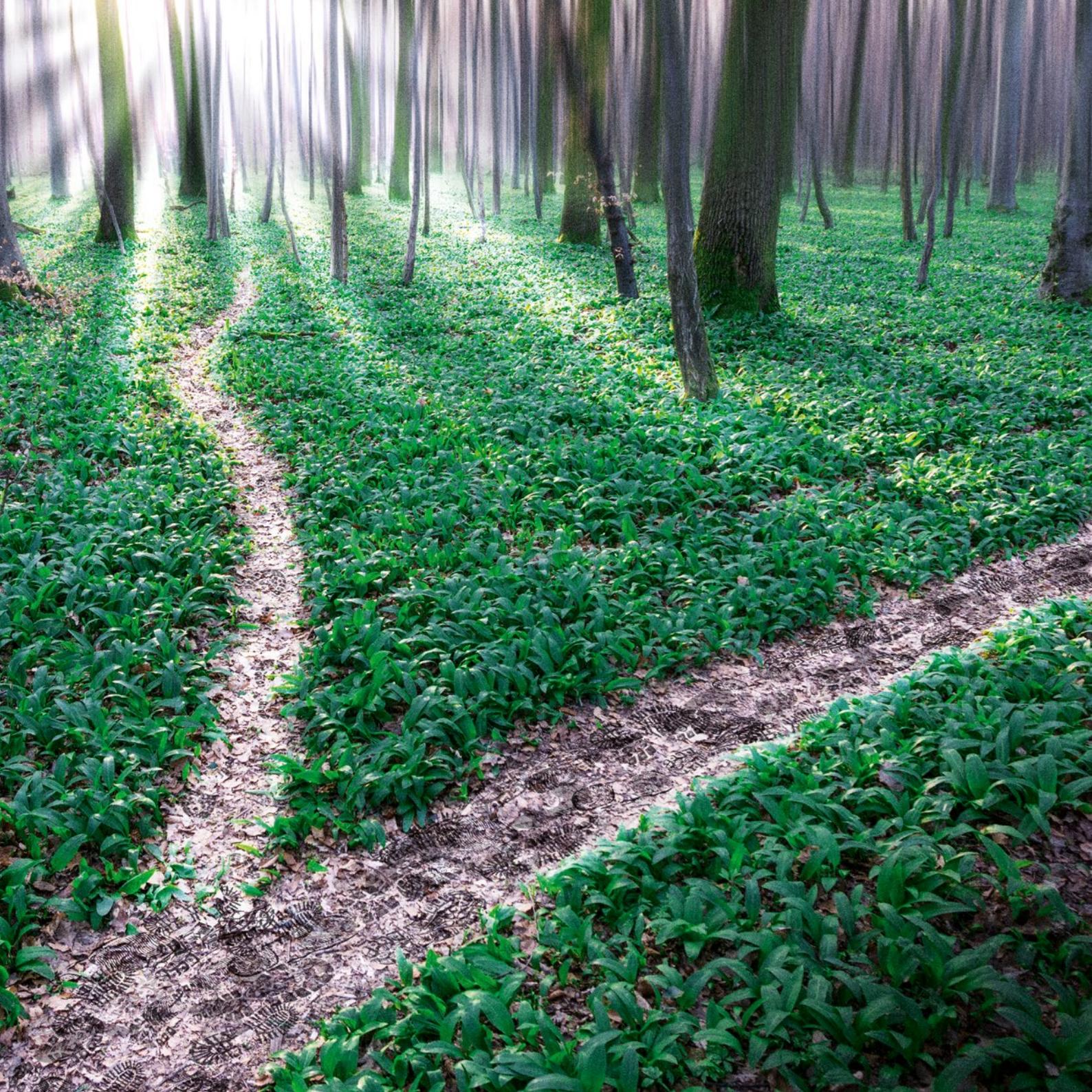
As a result, new software with completely new possibilities, for example, is changed until it displays the old processes in the exact same way the previous system used to. Sometimes, the glance of a person from another department is sufficient in order to recognise the moment when the desired transformation turns into the pseudo-transformation described above.

Successful digital leadership develops a long-term opportunity for transformation by anchoring the objective of change as an identity-forming vision in the employees' heads from an early stage. Realistic intermediate objectives counteract the stress of change and prevent anxiety. At least half of the time invested in a change process should be used for mentality development measures.<sup>43</sup>

So instead of seeking quick successes, executive staff should first focus on managing the complex challenges that the change brings along. Besides supervision and method training, radical measures such as the abolition of unproductive routine meetings or the shutdown of redundant systems can lead to new structures finally being fully adapted. Benevolent consistency sometimes works wonders.

**How determined do you enter unknown territory?**





## WHOEVER DOES NOT EXPERIMENT LOSES

The management's fears of impasses and costly idles often slow down innovation processes. However, transformation can only be controlled to some extent and for this very reason also requires the management's courage to let go and simply try out things. Instead of exercising control, the management's main tasks are initiating innovation processes, constructively accompanying them and transferring them into the concrete implementation afterwards.

»Encouraging wild ideas« is a basic rule for brainstorming and should be the maxim of each innovation-finding process. A relaxed togetherness, an open attitude, curiosity and confidence in the own intuition are the qualities of a real innovation team. Brain work is invisible. Playful approaches such as design thinking and LEGO Serious Play are popular methods to make previ-

ously isolated ideas and thoughts of individuals visible to the entire team. This way, new ideas can be channelled and developed further together.

Not knowing in advance where a design thinking project will eventually lead to quickly scares corporates with long-established processes. Tools such as innovation boards or project canvases help in giving a certain structure and predictability to creative processes. They do not just drive the creative process forward, but also visualise the frequently chaotic, non-linear innovation development and help formulate a clear objective and derive the next steps thereof. With such visualisation and innovation methods, executives get on a level with their employees and – as challenging partners – can drive the project forward with critical questions without predetermining decisions.

The best test because they know: it does not always have to be a huge success right away. Innovation projects should generally work towards an MVP (Minimum Viable Product). In order to drive a project forward, it is more helpful to continuously seek feedback and keep fine-tuning the idea. Experimenting and continuously testing means tackling small individual aspects which can already have a positive effect on user experience. Taking small steps and developing in an user-oriented way prevents you from running major projects into the ground.

**How keen on experimenting are you?**





## FREEDOM FOR INNOVATION

Narrow, sterile and homogeneous office premises are the physical equivalent to proverbially being a blockhead. You need adequate physical meeting spaces in addition to digital ones so that employees can exchange information, create strong networks and learn from each other.

Five principles promote the innovation-driven cooperation of teams:<sup>44</sup>

### 1. TURNING YOUR WORKPLACE INTO A HAPPY PLACE

Humans learn new things best in a relaxed environment. Biophilic interior architecture has the aspiration to offer the users of these spaces an environment that is as close to nature as possible and thus supports their well-being. In addition to natural lighting and ventilation, further landscape features such as timbers, greenery, lawns or sandy soils can be integrated into the workplace.

### 2. GIVING SPACE TO THE COMMUNITY

Innovation needs freedom. In terms of the office premises, this means spaces for interaction where people can come together without being disturbed, move freely, exchange perspectives, discuss approaches and visualise new ideas – free of any conductor or control mentality. Therefore, teams should not only be autonomous in their way of working, but also in the design of their permanent working spaces. On its campus, the Airbnb headquarters in San Francisco offers teams such »community houses« similar to shared flats.



### 3. MAKING THE COMMUNITY VISIBLE

In order to establish networking structures in a company, they should not only be propagandised, but also made visible – through glass walls, outside staircases leading to an airy entrance hall, galleries, through which you can get from one part of the building to another, or comfortable seating areas. Such architectural elements, for example in the One Shelley Street in Sydney, headquarters of Macquarie Group Limited, make the community of a company visible to everyone and do not limit the perception of other colleagues to random encounters in the lift.

### 4. OPENING COMPANY DOORS

The feedback from and the exchange with external people is worth its weight in gold. True to the slogan »You can learn something from everyone«, some of the most successful companies even open their doors to external groups of people in order to get inspiration and feedback for new drafts and designs. At the adidas farm in Brooklyn, adidas designers also regularly work together with non-specialist people.

 The Amazon Spheres in Seattle allow employees to change perspectives away from their desk.

### 5. MAKING WORK VISIBLE

Design thinking methods are so popular because they make previously isolated ideas of individuals visible to the entire team and thus make joint further development possible. In order to support this kind of collective and creative exchange, you need premises which offer space for mood boards, sticky note brainstorming or LEGO Serious Play. Equipped with rollable room dividers, walls that can be written on and glued to as well as furniture that can be moved easily, a conventional workplace turns into a playground.

How do you breathe new life into your company?



PLACE TO  
PERFORM

## A QUESTION OF MINDSET

Platform economy – at least since the rise of the GAFA companies, this term tops the ranking list of the digital business buzzword bingo. This is no wonder as Google, Apple, Facebook and Amazon (GAFA) are considered to be the platforms with the best practices: they control the data of their users and create strong lock-in effects. It is hardly surprising that it is the digital vision of most companies to become a platform themselves.

The general opinion that the success of huge platforms is solely based on constantly improving features and offers falls short. Instead, it is about focusing on customer needs and offering them genuine added values which they would not have without the platform. Whoever internalises this mindset takes the first step towards successful platform business.

Let's have a look at the example of Amazon: with its claim »low prices, huge selection«, Amazon is THE platform par excellence and has kept its promise for more than a quarter of a century: short delivery times, cheap prices, central customer service. Amazon stands for convenience. It is this outstanding convenience that binds millions of users to Amazon even though the shopping experience is not up to scratch when compared with many niche players.

Airbnb scores with convenience as well: with a few clicks, you book your next accommodation or offer your own flat for temporary subletting. The network effect did the rest to lead the platform to success. Because the more people use Airbnb, the bigger the added value for the individual user becomes: more overnight accommodations for travellers,

more potential overnight guests for people who offer their flat.

Companies now inevitably ask themselves whether it even makes sense to invest in platform business with all the big players already around. In particular niche players that are developing from pure sales to comprehensive service platforms have a real chance to survive in the platform economy. You have to take a critical look at your company and your own business model and ask yourself whether the planned platform solves a user problem in a significantly better way or whether it is »yet another platform«.

In recent years in China, Tencent's WeChat has developed from a messaging app to a gigantic ecosystem which comprises everything from e-commerce to payments to health services. Other Asian apps such as Gojek have also considerably expanded their range of services which originally consisted of taxi rides and have thus turned into real super apps – perfect personalisation and vast amounts of data included.

Even though WeChat is frequently defined as the Holy Grail of super apps, it remains debatable whether its concept would prevail to the same extent outside Asia. However, it is worth taking a closer look at the formula for success behind such super apps and asking oneself how big »super« actually has to be in order to succeed.

It definitely makes sense to think the idea of a super app on a small scale first and pool similar, previously fragmented services on one platform. The Berliner Verkehrsbetriebe (Berlin Transport

Company) for example has transferred the principle of super apps to the market for mobility: the app »Jelbi« (Berlin dialect for »yellow«, the colour of the Berliner Verkehrsbetriebe) unites different sharing offers as well as public transport on one platform. Thus, you do not need ten different apps for e-scooters, car sharing or the Berlin S-Bahn (rapid transit railway system). Users only have to register once and have access to all mobility offers in the capital.<sup>45</sup>

This way, competing providers of car, scooter or bike sharing suddenly come together on one platform. Not only are they willing to share locations, movement data and prices, but also to at least partly give up control of their marketing. Because the more people use the app, the more difficult it is to reach them via other sales channels.

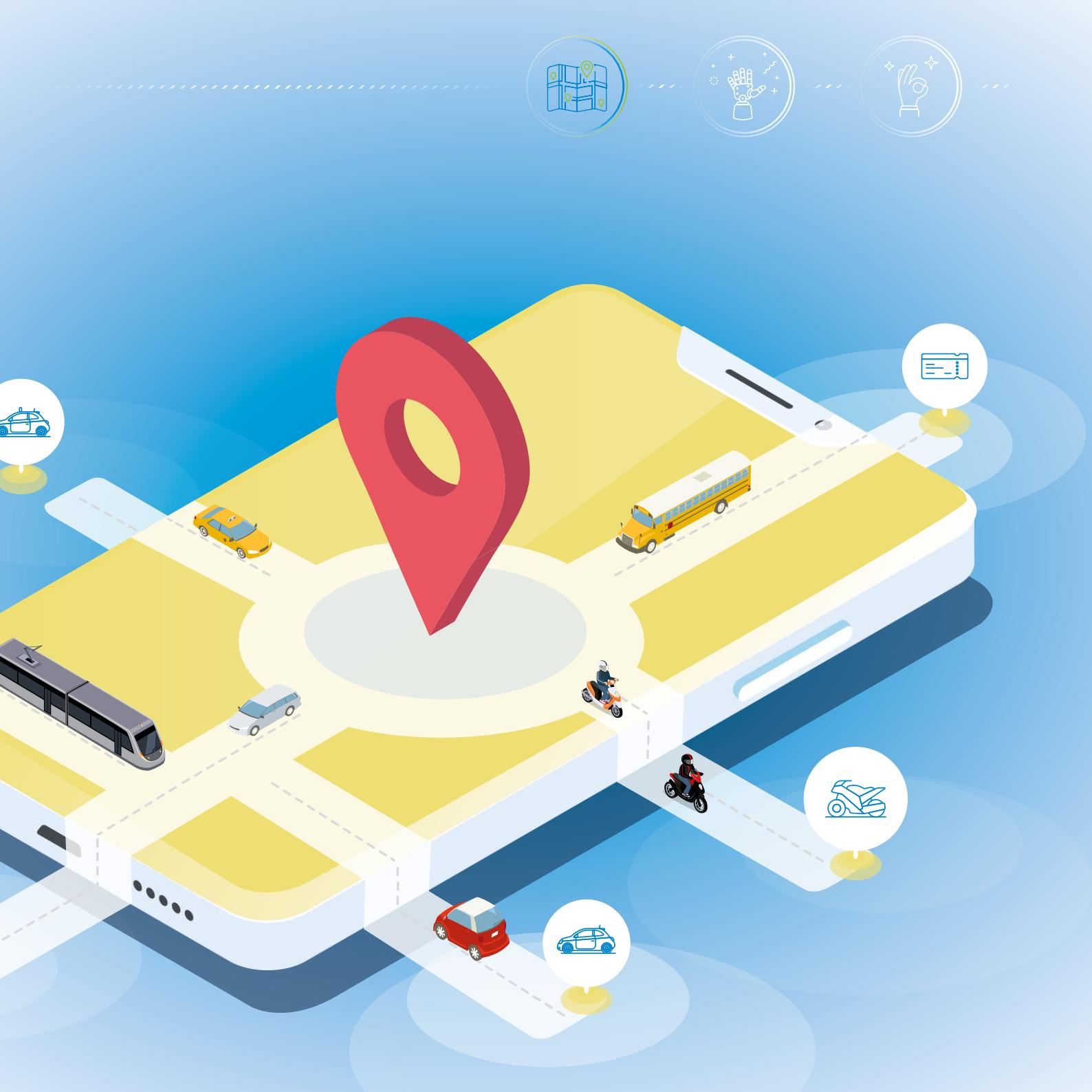
At the same time, the enormous advantage of platforms, the greater convenience for consumers, turns into an

economic threat for the providers pooled in the app. They become replaceable and are exposed to even stronger competition. The car sharing services of Daimler and BMW can thus not be found on Jelbi. They try to operate their own mobility platform with the app REACH NOW instead.<sup>46</sup> Companies therefore have to ask themselves whether they want to be part of a platform or become a super app themselves.

**Does your company have the potential to be a super app?**

## SUPER APPS





## WITH OLD DATA TO NEW BUSINESS MODELS

Data is considered to be the currency in platform business because based on data, not only an ideal personalisation is possible, but also completely new business fields and services can be opened up. While many companies, however, believe that solely by collecting huge amounts of data, new business fields will come up as if by magic at some point, the practical implementation of a new, data-based business model simply fails because of insufficient data quality in many cases.

According to a study conducted by Harvard Business Review, poorly maintained data costs US-American companies as much as three trillion euros every year.<sup>47</sup> Money that should rather be invested in the setup of an own platform. In order to save such amounts of money,

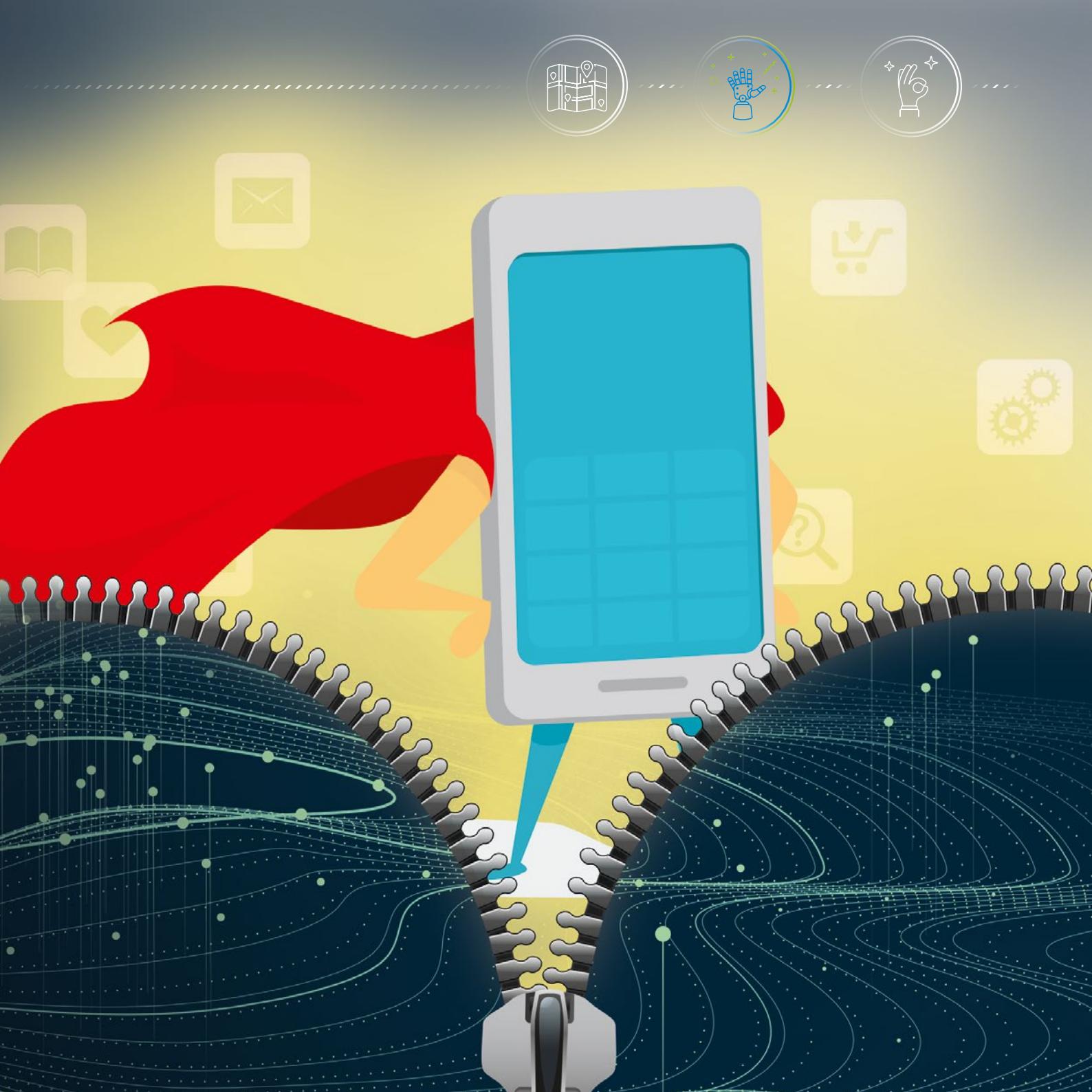
high-quality and consistent data is required. Thinking in data silos has to be abandoned to obtain this type of data – one should not only arrange data according to channels and marketplaces but also start to use and re-use it comprehensively.

The platform »Grab« which has prevailed in South East Asian households as an integral part of daily life is an example of how to use data profitably. Grab initially started as a taxi app and then further expanded its business model. Since the service provider had already established itself in a niche it was able to draw on hundreds of thousands of customer data.

Grab currently has one of the biggest data sets in the region. Every few seconds, millions of GPS location

data are collected, enabling the company to analyse the travel patterns and preferences of its customers. Based on this data, the company can find out what the right conditions for additional services are and how they can be implemented successfully in different countries.<sup>48</sup> This way, Grab was able to expand its range of services from taxi rides to food delivery and even payment provider in a short time.

**Which potential for new business models does your data offer?**



## CONVENIENT USER EXPERIENCE IS NOT A QUESTION OF INDUSTRY

As opposed to B2C, platform business in B2B involves significantly more cost-intensive and complex orders, products and services than when buying a new washing machine. Nevertheless, platforms offer enormous potential for B2B. Users receive simplified access to information and find all players relevant to them in one ecosystem. As a company, you benefit from useful data in return.

The potential of a platform becomes particularly clear in the construction industry: building a house is a mammoth task, not only for future homeowners, but also for all clients and contractors involved in the construction process. They have lots of appointments, coordination and decisions with many different stakeholders ahead of them – a marathon that most of the time still takes place in an analogue way or at least with only little

digital networking. Those responsible – from the architect to the client to the financial service provider – act for themselves, have their own processes (sometimes established for decades) and recommend their customers the same contacts contract after contract. And this works. However, it takes a long time and is not convenient. Because where, if not in the construction industry, do you always have to expect unexpected problems, which increase the necessary time and cost-related expenditures?

The portal [deinebaustoffe.de](http://deinebaustoffe.de) has taken on the challenge of displaying these complex dependencies centrally, interconnected and safely. The start-up has a clear mission: it wants to become Germany's most innovative platform for the building materials trade.<sup>49</sup>





As a merger of leading building materials trade companies of the hagebau Group, the portal does not only sell building materials online, but also offers the different stakeholders simplified communication – financial service providers included. If the attraction factor and network effects are similar to those of Airbnb, it would be proven once and for all that platform business is no longer a question of industry.

It thus pays off to take the step towards being a platform because sooner or later, manufacturers and retailers, trades and financial service providers will lose customers because another platform offers them an easier and more convenient user experience.

**How convenient is your customers' user experience?**



# IT PIECES

# 2020

## IT IS EVERYBODY'S BUSINESS

It is no surprise that even nowadays, the term digitisation automatically evokes technological associations in many heads because when computers found their way into science and companies in the 1950s, they still required a lot of know-how in programming. Only with the introduction of graphical user interfaces in the 1980s, the triumph among private users started. The Internet became one of the biggest innovations of the last century – and because of the invention and popularity of the smartphone, the use of the Internet is commonplace worldwide in the 21st century.

Digitisation – for a long time, this primarily meant connecting the appropriate hard- and software. Their combination determined the potential as well as the limits of a company's digital

transformation. Wishes and visions from marketing, sales and service were passed on to the IT. They would fix it there. If the result was not consistent with the idea, the guilty ones were identified quickly: the other ones. So, depending on the department affiliation either the IT or marketing, sales and service.

Thanks to the establishment of agile, cross-functional teams where representatives of different departments work together, mutual understanding has improved. Quicker coordination processes within the team are developed while different perspectives increase the competence in finding solutions and the innovative power. This is exactly what you need to create a successful IT infrastructure.

## COST DRIVER CLOUD?

Software as a Service (SaaS) is booming and thus the use of cloud-based company solutions is increasingly becoming the standard. With a growth in turnover of 17.8 per cent to 85.1 billion US-dollars per year, SaaS remains the biggest segment of the cloud market.<sup>50</sup> In particular in complex multi-cloud environments, this creates new challenges for the IT management, which, if not handled properly, can increase the costs of a cloud infrastructure.

Cost drivers can for example be unused services or licenses. Companies often lack the overview and they pay for cloud services they do not even use. Moreover, you should think about whether each employee who barely comes into

contact with the cloud needs his own, costly license. The regular new features and pay-per-use services of cloud providers such as Amazon Web Services (AWS), Google or Microsoft Azure also make it more difficult to keep track of everything and may cause additional costs.

Only with good tools and strict cloud management, costs and benefits of cloud computing can be reconciled with each other – otherwise, according to a forecast by the US research firm Gartner, companies will spend at least 25 per cent more as compared to on-premise solutions.<sup>51</sup> However, technology can help companies in managing the cloud and adapting the use of the infrastructure to business

processes. So-called cloud cost management systems such as »RightScale«, »Turbonomic«, »Cloudyn« or »CloudHealth« allow companies to optimise the amount of money spent on the cloud, identify used and unused resources and accordingly implement necessary changes. This way, companies can make more efficient decisions surrounding their cloud infrastructures and take the cost control back into their own hands.

**How efficiently do you use your cloud resources?**





## SPOILT FOR CHOICE

The paradox of choice is a phenomenon of the so-called jam experiment in psychology. In a nutshell, it says that a bigger range of products of the same category – in this experiment jam – leads to less purchases.<sup>52</sup>

Since 2011, the range of marketing technologies alone has risen from about 150 to more than 7,000 solutions. A growth rate of 4,600 per cent!<sup>53</sup> So, if you want to modernise the entire system landscape around CRM, ERP, PIM and Co., the range of solutions virtually rises immeasurably. If you take into account the paradox of choice, it is no surprise that decisions for or against individual technologies become increasingly difficult and that companies stick to their existing solutions in the end.

An option to meet this almost infinite variety is filtering it. Best of suite or best of breed? Standard or individual solution? Particularly because it is about fundamental decisions, it pays off to make this

strategic decision together with stakeholders of different company departments and areas of interest. This prompts all participants to reflect on the status quo of both the business model and the existing system landscape and to develop a synchronised perspective on the future of both aspects because the advantages and disadvantages of standard and individual solutions are obvious and can thus be classified in order to support decision-making.

Standard solutions and suites are preferable if business processes are standardised, the initial planning of costs is tight and the IT team is rather small. The decision for such a software can also offer companies the opportunity to adapt existing processes to the standard instead of trying to display inefficient business practices which users have established over the course of many years. If it comes to light during the analysis that the solution requires enormous adaptations to live

up to the business model, processes and vision, the option of frameworks and flexible individual solutions as well as best of breed solution approaches should be dealt with in-depth.

Investing in software architects is the prerequisite for the approach mentioned above. But no matter how capable a development team is – if it does not pursue synchronised goals and does not regularly compare them with the user group requirements, mayhem is inevitable. In the worst case, you have to pull the ripcord after several years and investments running into millions.





Thus, the IT-strategic decision is no end in itself. Standard or individual solution is not a sales argument in your own business. The guidelines for this choice have to be added values for different users, the technology budget as well as the realistic efficiency of one's own IT and its partners.

**Is your IT landscape  
really user-oriented?**



# THE ART OF SYSTEMMIGRATION

Finding a company without its own IT department in 2020 resembles the famous search for a needle in a haystack. And no matter how long this department has already existed – not only questions surrounding the expansion of the system landscape, but also questions regarding the update of existing solutions are becoming more urgent. Not least the growing share of cloud solutions forces companies to develop and implement IT migration strategies.

Migration strategies are not a new topic in IT. Because of the large number of user requirements and the high degree of penetration of software solutions in companies, the topic has become business-relevant which

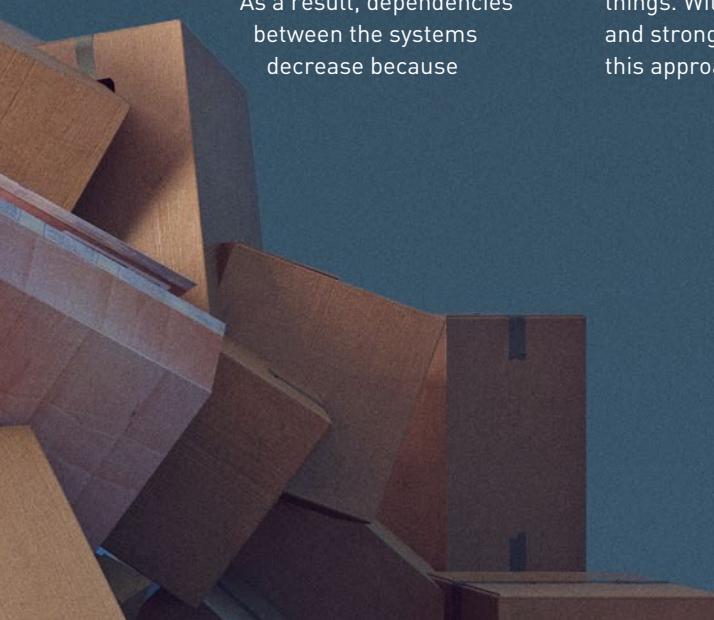
requires including all stakeholders – in a completely agile way of course.

Two IT migration strategies are particularly relevant: on the one hand, the fundamental new development parallel to the existing system; on the other hand, the gradual replacement of the old system.

Particularly with older, »historically grown« system landscapes, stakeholders often wish for the big bang because it does seem very tempting to »simply« leave behind the burdens

and shortcomings of the existing solution and to take the opportunity to fundamentally »clean up«. It is frequently underestimated how much effort the reconstruction causes. The existing system has to be maintained until the launch of the update. The sheer project size increases the error probability.





Poor documentation makes it more difficult to understand the old solution. There is no guarantee that the big bang is simply accepted by users by users whose routines are often no longer applicable. Both a high technical and organisational competence on the part of the IT as well as stakeholder support is essential.

Therefore, the gradual migration seems significantly more attractive in the age of API and cloud. During the gradual migration, individual functions are encapsulated in the microservice approach and can be used for different systems.

As a result, dependencies between the systems decrease because

networking mainly takes place via interfaces and users thus are only gradually confronted with new routines. During the rollout of its new system, the publisher C.H.Bech also decided to proceed gradually: in the first months, selected website users were offered to test the new version of the webshop. The old version, however, was still available. This way, the new shop could already be tested with real customers during live operation.<sup>54</sup>

But the challenge of this approach lies, similar to an individual solution, in staying on top of things. Without system architects and strong product owners, even this approach can lead to

unnecessarily twisted processes because it is less urgent to question existing processes.

**Which migration strategy will you pursue in the future?**



# FACTS

&

# FIGURES

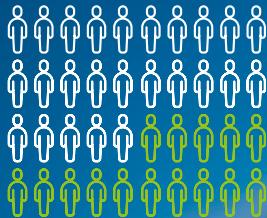
# MAKING WELL-FOUNDED DECISIONS WITH THE RIGHT KEY PERFORMANCE INDICATORS

The times when digitisation generated a huge buzz are over. The existence and the development of new technologies neither causes wow effects nor fears nowadays. We have arrived in the digital world where it is all about how you use these new technologies to prevail.

The challenge of this learning process does not only lie in adjusting to the changes in framework conditions, but also in adjusting to the changes in customer expectations and behaviour. This is the only way to optimise existing structures, processes and business models and to implement new ideas in a future-proof way. Companies that do not observe current trends and do not respond flexibly to the changing environment fail – as the example of Thomas Cook has shown.

What companies need in order to survive and make innovative decisions is not only well-maintained, solid data, but also the intellect to use this data profitably. Only as a data-driven company, you can realise the full potential of New Work, AI and other tech trends, cross-border e-commerce and digital platforms. Not only your own customer information and KPIs, but also the look at current facts and figures regarding customer behaviour as well as macro data of national and international markets provide the appropriate database.

# INTERNET USAGE<sup>55</sup>



**63 mil.**

Germans used the Internet in 2019.

2018: 63 mil.

2017: 62 mil.

2016: 58 mil.



**366 min.**

is the amount of time spent on the Internet per day by 14- to 29-year-olds in Germany in 2019.

2018: 353 min.



**40%**

of Germans watch videos on YouTube at least once a week.



**44%**

of 18- to 30-year-olds in Germany listen to podcasts daily or weekly.

More than half of them listen to podcasts on their smartphone.<sup>56</sup>



**5G**

**More than 80 mil.**

5G subscriptions worldwide are predicted by the end of 2020.<sup>57</sup>

2024: 1.9 bil.

**58%**

of German online shoppers order fashion via their smartphone.<sup>58</sup>

**About one quarter**

of German patients have already arranged a doctor's appointment online.

**77%**

of Germans buy goods or services online.<sup>59</sup>

**68%**

of German consumers who shop in another country prefer large, international retailers.<sup>59</sup>

**6 out of 10**

users in Germany rely on apps for online banking.<sup>61</sup>

# CONSUMER BEHAVIOUR

# PAYMENT METHODS<sup>62</sup>



**Only 15%**

of German retailers offer an individual, country-specific payment mix.



**47%**

of retailers in Germany believe that the introduction of the GDPR has made online orders more difficult.



**1 out of 2**

retailers in Germany have already worked together with a professional payment service provider (PSP).



**6.6**

payment methods are offered on average by German online retailers.



**Billing**

is still the most popular payment method in the DACH area (Germany, Austria, Switzerland).

**PayPal**

is the preferred payment method among consumers with digital affinity.

**26%**

of German consumers have their smartphone at hand more quickly than their wallet/purse most of the time.

## PAYMENT METHODS FOR THE LAST ONLINE ORDER IN GERMANY



**20%**

Billing

2016: 20.5%



**17%**

Credit Card

2016: 18.8%



**29%**

PayPal

2016: 23.3%



**14 %**

Direct Debit

2016: 18.3%



**Sofort.**

**5%**

Sofortüberweisung

2016: 4.5%



**7%**

Amazon Pay

2016: 7.2%

# TURNOVER IN E-COMMERCE<sup>63</sup>



**About 1,300 bil.**

euros in turnover were recorded by the entire German B2B e-commerce market in 2018.

2012: 870 bil. euros<sup>64</sup>



**3 out of 4**

German B2B companies have already recorded online turnover.<sup>65</sup>



**33.6 bil.**

euros in turnover were recorded by the 100 biggest online shops in Germany in 2018.<sup>66</sup>

**Top 3**

of the German online shops with the highest turnover in 2018<sup>67</sup>

**2**

**OTTO**

3.2 bil. euros

**1**  
**amazon**

9.2 bil. euros

**3**

**► zalando**

1.4 bil. euros



# 12.68 bil.

euros in turnover with clothing  
2017: 11.76 bil.



# 5.28 bil.

euros in turnover with computers/  
accessories/games/software  
2017: 4.44 bil. euro



# 65.1 bil.

euros in turnover were generated  
in the German B2C market solely  
by e-commerce in 2018.

2017: 58.4 bil. euro  
2016: 52.7 bil. euro  
2015: 46.9 bil. euro



# 1.36 bil.

euros in turnover with groceries  
2017: 1.13 bil. euro



# 11.78 bil.

euros in turnover with electronics  
2017: 9.87 bil. euro



# 4.23 bil.

euros in turnover with furniture,  
lamps & decoration  
2017: 3.01 bil. euro

# THE POWER OF MARKETPLACES<sup>63</sup>



**71%**

of German companies generate additional turnover via online platforms.<sup>68</sup>



**3 out of 5**

Germans use platforms for buying products or booking services.<sup>69</sup>



**1 out of 10**

online retailers relies on online shops instead of marketplaces for private purchases.<sup>70</sup>

**OMP**

Online Marketplaces  
(eBay & Amazon)

**MCV**

Multichannel consignors, total:  
MCV + APV (mail-order pharmacies)  
+ STV (shippers who are based in  
stationary retail)  
+ TVS (teleshopping senders)

**IPP**

Internet Pure Players

**HEV**

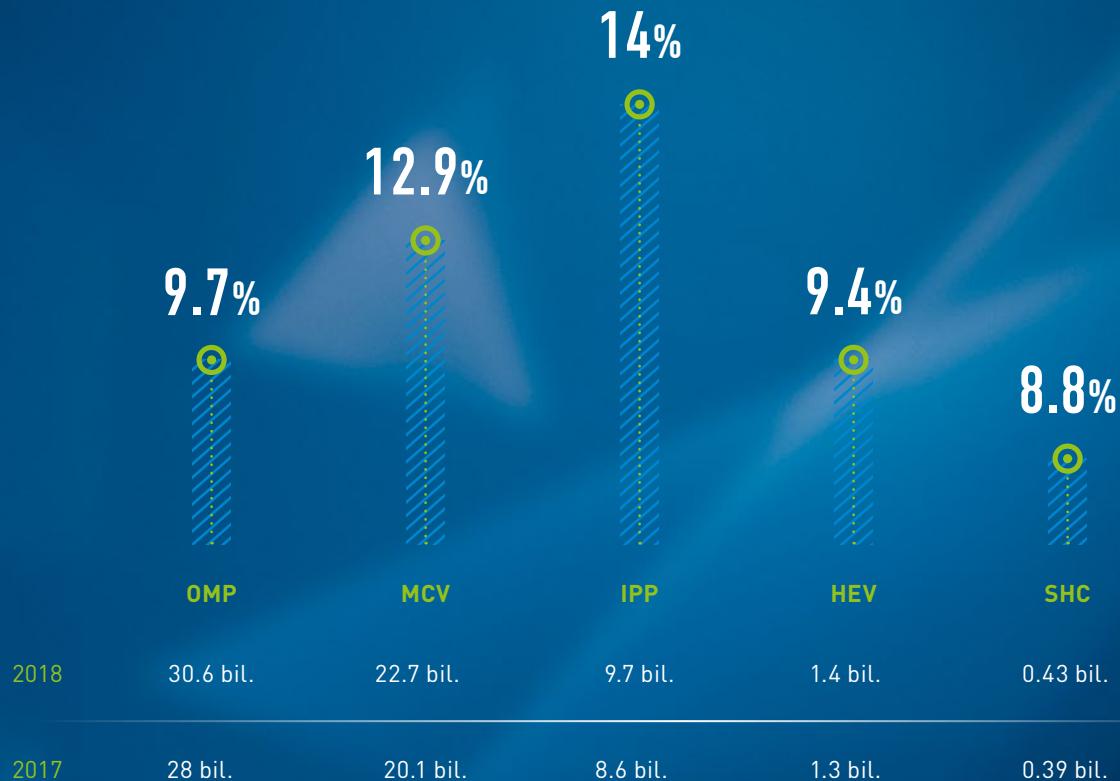
Manufacturer Shippers

**SHC**

Shopping Clubs

## TURNOVER GROWTH BY SENDER TYPE

Total turnover in 2018 as compared to 2017 (in euros)



# INTERNATIONAL E-COMMERCE

**85%**

of EU citizens  
use the  
Internet.<sup>71</sup>



**60%**

of people in  
China use  
the Internet.<sup>72</sup>

**354 mil.**

people in the  
EU (69%)  
shop online.<sup>71</sup>



**785 mil.**

active mobile  
shoppers use  
Alibaba monthly.<sup>73</sup>

**63.28 bil.**

euros in turnover were  
generated by Amazon in the  
third quarter of 2019.<sup>74</sup>



**15.06 bil.**

euros in turnover were  
generated by Alibaba  
in the third quarter of 2019.<sup>73</sup>



## 1 out of 2

transactions in Asia is made via a mobile device.<sup>75</sup>

Near East & Africa: 47%  
Europe: 44%



## 36 %

of online shoppers in the EU ordered goods and services from other EU countries in 2018.

26% ordered goods and services from non-EU countries.<sup>76</sup>



## 534.82 bil.

euros were spent online by US Americans in 2019.<sup>77</sup>



## 1.763.23 tn.

euros were spent online by the Chinese in 2019.<sup>77</sup>



## 120.69 bil.

euros were spent online by the British in 2019.

Germany: 69 bil. euros  
France: 58.84 bil. euros<sup>77</sup>

# THE AI FACTOR



**3 out of 10**

Germans have installed at least one smart home app.<sup>78</sup>



**39%**

of Germans are able to recognise a text written by an AI.<sup>79</sup>



**7 out of 10**

consumers worldwide rather speak with a human than a chatbot when receiving customer service.<sup>80</sup>



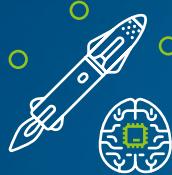
**1 out of 8**

industrial companies in Germany already uses artificial intelligence.<sup>81</sup>



**36%**

of German companies view the shortage of skilled labour as one of the three most important challenges in the AI context.<sup>82</sup>



## 275 start-ups

with artificial intelligence as a core element of their business model currently exist in Germany.<sup>83</sup>



## 72.11 bil.

euros are to be spent on AI systems in 2022.<sup>84</sup>



## 26%

of companies worldwide have a comprehensive, company-wide AI strategy.<sup>82</sup>



## Only 7%

of executives worldwide rely on machine learning and artificial intelligence for decision-making or production processes.<sup>85</sup>



## Only 1 out of 5

executives worldwide regularly monitors, manages and improves the data quality as part of formal data governance.<sup>85</sup>



## One quarter

of executives worldwide uses dashboards for tactical decisions and business intelligence as well as visualisation tools for strategic decisions.<sup>85</sup>

# MODERN WORK IN GERMANY

<sup>86</sup>

**72%**

of office workers still have a fax machine. Regarding digital media, the percentage looks as follows:

Smartphone: 65%  
Laptop: 55%  
Tablet: 34%



**7 out of 10**

professionals believe that digital literacy will be as important as professional and social skills in the future.



**61%**

of employees see creativity as a new, promising solution approach.<sup>87</sup>



**20,000**

additional jobs were created by medium-sized companies within one year.<sup>88</sup>



**3 out of 10**

employees have different possibilities of retreat to work in silence.



**130 mil.**

users worldwide interact with the Instagram Shopping function.<sup>89</sup>



**4.1 mil.**

Germans use TikTok.<sup>92</sup>



**More than 25 mil.**

companies worldwide are active on Instagram.<sup>90</sup>



**54%**

of brands were able to generate more leads and higher turnover in 2018 by cooperating with influencers.<sup>91</sup>



**76 bil.**

euros were spent worldwide on social media advertising in 2019.<sup>90</sup>

Print advertising: 62 bil. euros

# SOCIAL MEDIA

# TECHNOLOGY



**3 out of 4**

German companies  
rely on cloud  
computing.<sup>93</sup>



**1 out of 3**

German industrial  
companies already uses  
3D printing.<sup>93</sup>



**4 out of 10**

companies in Germany  
already use virtual or  
augmented reality.<sup>95</sup>



**90%**

of German companies  
state that data protection  
is the top criterion  
when choosing a  
cloud provider.<sup>94</sup>



**Only 2%**

of all companies in  
Germany with more  
than 50 employees  
already rely on block-  
chain technology.<sup>96</sup>



# 7,040

solutions were counted in the 2019 Marketing Technology Landscape.<sup>97</sup>

2017: 5,381  
2015: 1,876  
2011: 150



# 87%

of CRM solutions used in companies in 2018 were cloud-based.<sup>98</sup>



# Up to 35%

increase in conversion rate in B2B can be achieved through PIM systems.<sup>99</sup>



# 75%

of marketing specialists use at least one type of marketing automation tool.<sup>100</sup>



# 60.78 bil.

euros are expected to be spent on the global market for enterprise content management systems in 2021.<sup>101</sup>

2017: 28.66 bil. euros

# DIGITAL SOLUTIONS



**B2B:  
COMPANIES ARE  
ONLY HUMANS  
AS WELL**

## OLD WISE ECONOMY

Even though Excel lists and fax communication are often still the order of the day in B2B, this does not mean that the Old Economy has not internalised the maxim around which digital business also revolves: customer focus, service character, data. Quite the opposite: these are exactly the qualities which make the huge B2B companies so successful.

Although tradition-steeped companies have been well connected and crisis-proof for a very long time, the step towards e-business is often difficult. The figures, however, clearly suggest that entering the e-commerce segment should no longer be postponed. With around 1,300 billion euros, the turnover volume in B2B e-commerce is remarkable. About a quarter of the industry's total turnover is already generated through websites, online shops and marketplaces.<sup>102</sup> By way of comparison, the B2C industry lags far behind with about 10 per cent.<sup>103</sup>

Companies such as TROX GmbH, BayWa AG or Krones AG have already recognised this potential. They prove that being steeped in tradition does not mean being digitally underdeveloped at the same time. Instead, they embody a Wise Economy which already operates quite successful digitally. These companies manage to understand digitisation for what it is: more than just the existence of an online shop. They translate processes and consulting services from analogue to digital. These two aspects ensure customer focus and excellent service.

By doing so, these companies not only react to changing times and fulfil user expectations which have long been the standard in the daily life of their employees, partners and customers, but they also create internal added values by decreasing costs.

Users can not only find their desired products online, they can also design them themselves – or at least configure them according to their personal wishes. Such an offer has long been part of user expectations in B2C. Not offering this to business clients not only contradicts the zeitgeist, it is also grossly negligent because at the end of the day, employees, partners and clients in B2B are also private individuals who have a digital everyday life: they shop online or play on the computer and therefore experience on a daily basis that configurators provide a more individual and more convenient user experience – in other words: they are the standard, not rocket science.

However, the situation is different for a ventilation system, a filling system or even a crane than it is for a pair of sneakers. Nevertheless, B2B can not only learn from B2C's configuration routine, but above

## CONFIGURE IT OUT

all benefit from it. In this regard, it is not crucial whether there is a purchase button at the end, but that the user gets the opportunity to configure products at all. By doing so, you respond to the user's expectations and his usual behaviour, make orders more likely and significantly facilitate the creation process of a possible offer. Furthermore, you generate valuable data which flows in the future development of products and services.

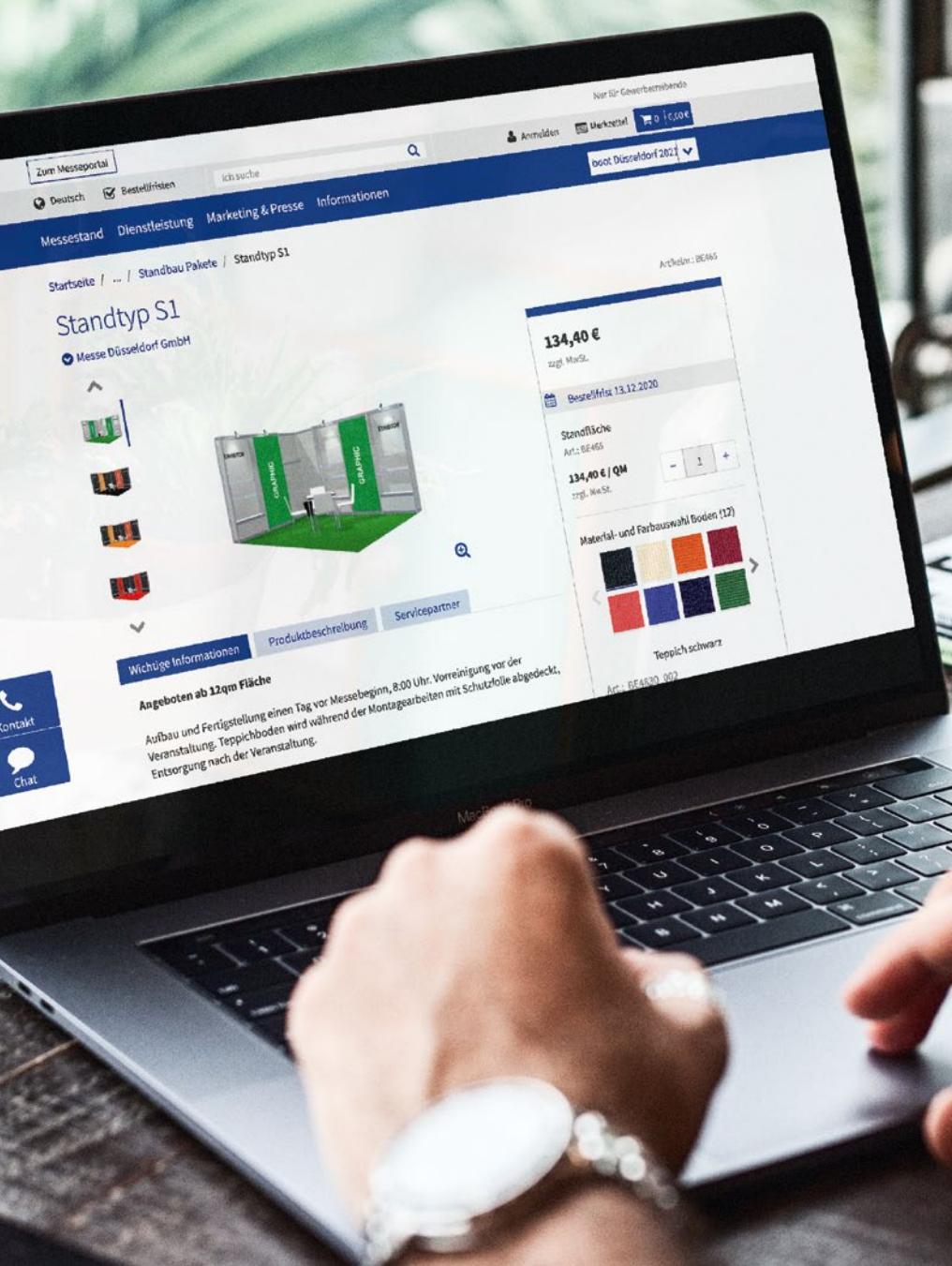
Configurators also decrease the communication effort, both on the side of the consultant and the end user. Thanks to configurators, the user is spared from having to find the right components out of thousands from an endless list shop. The configurators reveal things to the user which may not have been on his radar beforehand. Keyword: complexity dependencies. At Messe Düsseldorf, for example, the user

is guided through the stand construction step by step via a configurator and is also made aware of supposedly trivial necessities such as a socket for the refrigerator if he has previously chosen »offer drinks«.<sup>104</sup>

The detailed analogue consulting services that the user is used to in B2B do not become obsolete as a result. They only take place more precisely, further-reaching and significantly faster via digital configurators. Configurators are the gateway to efficient and modern B2B.

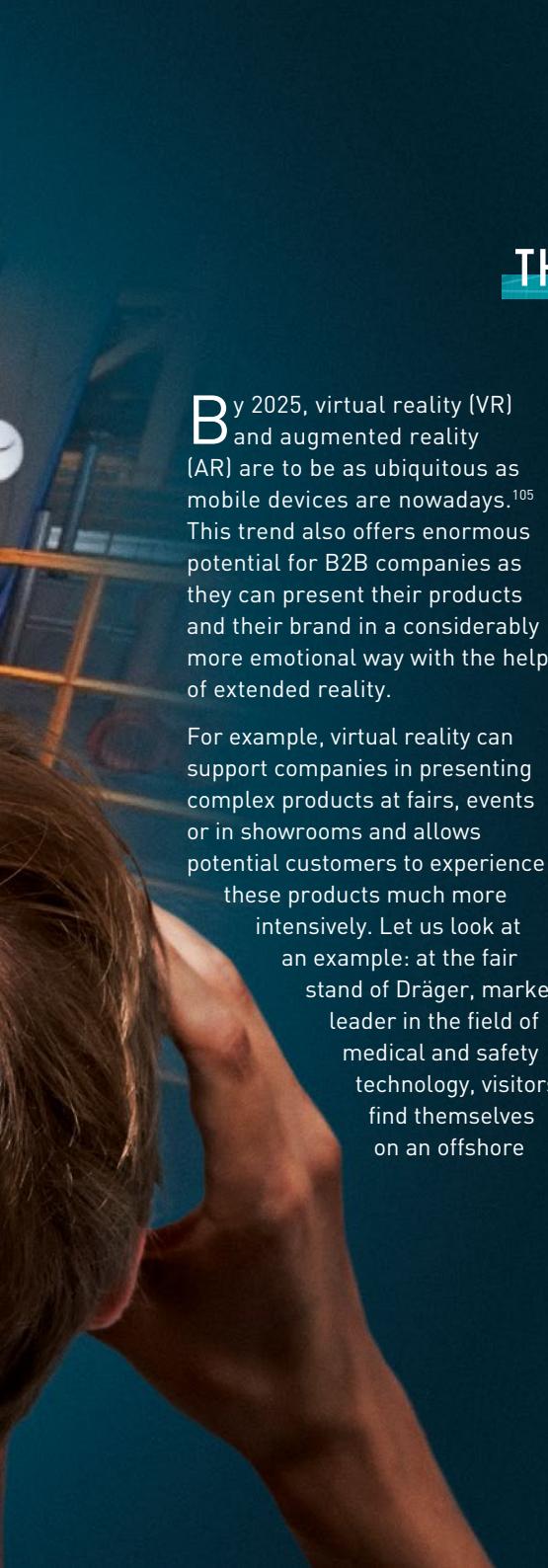
**How user-oriented is your offer process?**







## THE NEW BUSINESS REALITY



By 2025, virtual reality (VR) and augmented reality (AR) are to be as ubiquitous as mobile devices are nowadays.<sup>105</sup> This trend also offers enormous potential for B2B companies as they can present their products and their brand in a considerably more emotional way with the help of extended reality.

For example, virtual reality can support companies in presenting complex products at fairs, events or in showrooms and allows potential customers to experience these products much more intensively. Let us look at an example: at the fair stand of Dräger, market leader in the field of medical and safety technology, visitors find themselves on an offshore

drilling rig as part of the »Offshore Rig VR Experience«. Similar to a video game, they get into an emergency and have to use the Dräger warning systems to save themselves.<sup>106</sup> The active involvement of trade visitors, customers and purchasers leads to them paying 100 per cent of their attention to the brand during the product presentation under VR glasses – something other formats can only dream of.

The use of immersive technologies also offers potential for optimisation within the company. This way, AR applications can be a real game changer, for example in the field of product prototyping. They allow for an early visualisation of building components and mechanisms so that functional elements can be examined and tested directly on the model.<sup>107</sup>

Furthermore, extended reality is already used for employee training. Bosch uses AR technologies, for example for its technical service training. The employees point the camera of their tablet at a vehicle component or look at it through smart glasses. Additional explanations, 3D objects or videos which can be controlled by the training leader are then superimposed on the real picture.

Investing in pioneering technologies such as VR and AR can thus pay off twice: you gain the attention of customers and you get to optimise internal processes.

**Are you ready for a new perspective?**



## THE POWER OF CONTENT

A modern, user-friendly customer experience should not be a question of industry, no matter whether it is ultimately about the purchase of a product, the potential creation of an offer or a business relationship in the making. Whether it is sales, service or purchasing – the different user groups in B2B wish for high-quality processed content.

Providers of sales, purchasing and service platforms have to pay particular attention to their users when curating content. Employees in direct sales, for example, need other information than service employees, purchasers or end users. Regardless of their role, employees, partners, suppliers and customers expect a high-quality user experience on B2C level. In order to meet these requirements, seamless interaction between the content management system (CMS) and the

connected software solutions for commerce, marketing and service is necessary.

Companies such as the construction equipment manufacturer Liebherr have recognised this and have set up an online presence that creates B2B worlds you can touch. For business customers, there is target-group-relevant, high-quality content in the form of emotional pictures, 360-degree insights and videos.

However, you do not simply put the biggest »Flat-Top crane 370 EC-B Fibre« with the corresponding »21HC 290 tower system«<sup>108</sup> into your shopping cart even if the corresponding video has convinced you. With such highly complex products, the transfer to e-commerce is not the seamless forwarding to a shop as it is the case in B2C. The added value that matters is the digital availability of

information relevant to business and work. This way, not only time-consuming research work is taken off the customer's shoulders, but he is also presented with all relevant data he needs for the next steps towards making a purchase. Liebherr's online presence helps users in quickly finding the right sales and service partners.

The experience that a sales or service employee, a purchaser or end user makes in such an environment will be remembered, creates confidence and binds users to the brand. In addition, sales employees have more time for what really matters – intensive consulting and support.

**How do users experience your brand?**

## THERE IS STILL ROOM LEFT IN THE NICHE

Marketplaces have fundamentally changed many B2C markets in recent years. Significantly later, more and more B2B companies are now recognising the potential of marketplaces for the transformation of their own company.

The following applies to all industries: marketplaces that offer their customers a clear added value will be successful. Pooling several supplier catalogues on one platform is certainly not a USP that is here to stay. Instead, it is important to look at your own offers

from the customers' perspective in order to develop real customer-oriented added values afterwards.

Conrad is the best example of a successful marketplace approach in B2B. Besides selling products, the electronics retailer offers its customers a range of services, consulting and qualification. When choosing its partners, Conrad is very picky for a reason: not everyone is allowed to get involved, the criteria for new marketplace participants are relatively ambitious<sup>109</sup> – because in order to make

the marketplace successful in the long term, it pays off from Conrad's perspective to only rely on a few attractive retailers. The company states that too many non-committed participants which are not interested in the strategic development of the marketplace stand in the way of a good user experience.

With Amazon Business, the most popular marketplace in Germany has created its own B2B segment, too. As opposed to Conrad, the entry barriers for new marketplace participants at Amazon are



relatively low. The competition is correspondingly strong and prices are low. This approach makes sense for the company as it is the main strength of Amazon Business to offer standard products and standardise business processes. Small and medium-sized companies in particular use the platform to handle a large part of their procurement of non-strategic goods – from stationery to flowerpots to door handles.

However, a major part of B2B goods cannot be sold via Amazon

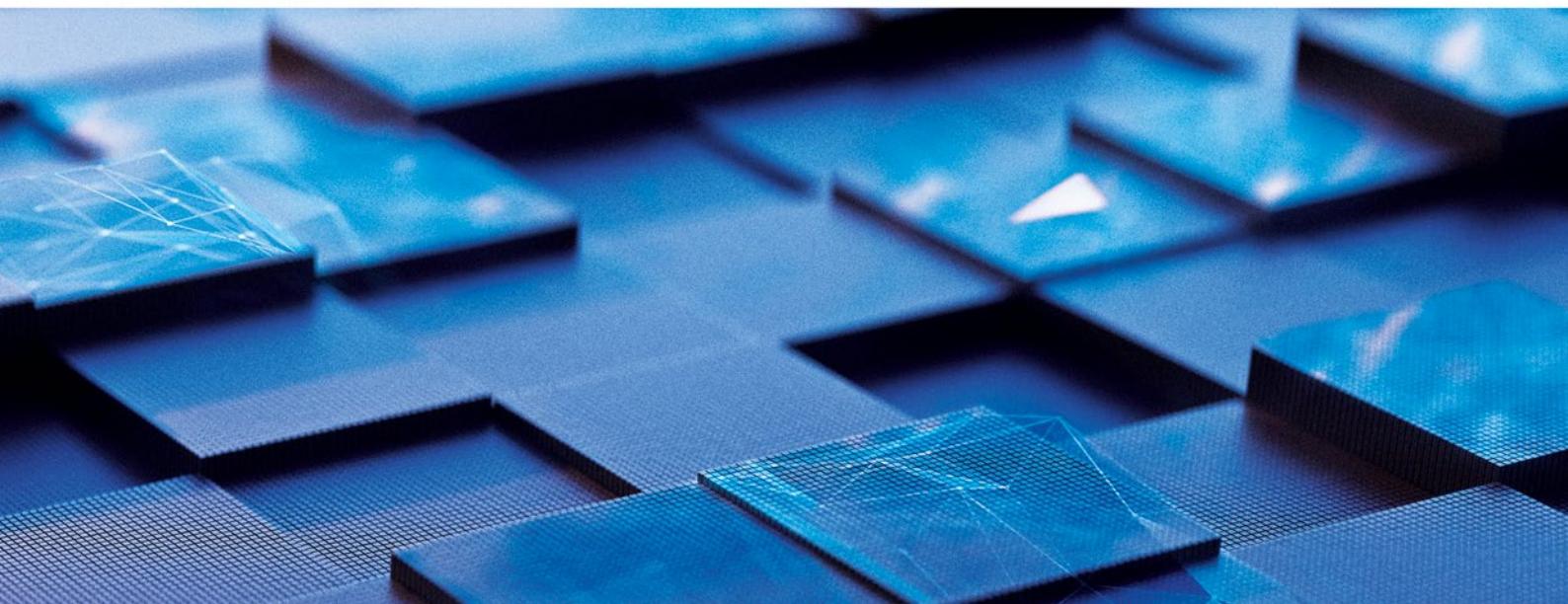
– just think of huge machines or customised goods for construction and industry. This makes it clear that there is not just the one B2B market. There is still enough room for niches and specialists at the moment.

An example of a marketplace which has established itself in its niche is the start-up ZAGENO which connects scientists and purchasing organisations with leading life science providers. By doing so, the company makes online purchasing of all types of research material

practical, efficient and reliable.<sup>110</sup>

So, the question that arises is: for how long will there still be room in the niche? Up to now, the number of competitors is relatively small and there is still room for first movers in many industries. If you miss this opportunity, however, you will most likely be the one that will be dependent on marketplaces at some point.

**Will you become a first mover?**



# FUTURE RETAIL

## WHAT'S THE NEW BLACK IN RETAIL?

The future of retail is a future full of questions: what are the trends for brands, retailers and manufacturers to design their customer relationships in a future-proof way? Do brands that are not active on marketplaces and do not cooperate with big names even have a chance anymore? Do customer contact and branding even work without social media anymore? How can the digital shopping experience be improved in order to minimise returns? Or to put it differently: what will be the »new black« in retail?

Whether it is me-commerce, re-commerce or commerce in the 24/7 insta-age – buzzwords only provide limited answers to these questions. The measures for the best digital commerce experience are manifold and yet only snapshots. But it is exactly these moments that count. They offer the chance to turn fans into new customers and existing customers into loyal fans. It is about time to take a closer look at the chances in 2020 and to look for replies to the question of how brands, retailers and manufacturers can find their »new black« in retail.



## TAKE YOUR MARK(ETPLACE)S, STEADY, GO?

If it is not on Zalando, it does not exist.<sup>111</sup> Zalando itself defines its market offensive until 2025 with different words, but the message stays the same. Because whoever wants to become the »Spotify of the fashion industry«<sup>112</sup> is aiming high: contact point number one, fashion platform number one, market leader. But what are Zalando's chances to become »the starting point for fashion«?<sup>113</sup>

Considering the status quo of the fashion industry, they seem to be pretty good because the fashion industry is not growing. 97 per cent of the overall profit in the fashion industry is distributed among 20 companies, including Nike, TK Maxx and Zara.<sup>114</sup> Should the rest now necessarily rely on marketplaces like Zalando?

The advantages that they offer are undeniable – wide reach and

a strong logistics network. In important aspects such as margins and data access, however, retailers have to give in most of the time. If they do not want to leave these decisions to marketplaces, they should move into the niche. Good examples of this are the pet food retailer Zooplus and the music store Thomann which are establishing themselves as a brand in their respective areas of expertise. First-class service, user-friendliness and good content are their formulas for success to delight customers.

Brand manufacturers can also afford to determine the access to customers themselves as the example of Engelbert Strauss shows. The German clothing manufacturer courageously bucks the trend and refuses to cooperate with Amazon in order to keep the

control over its own brand. »Engelbert Strauss is available at Engelbert Strauss«.<sup>115</sup>

Through unconventional marketing campaigns, trendy, functional designs and exclusive collections such as a limited fan edition of the rock band Metallica, the manufacturer was able to establish a very loyal and enthusiastic customer base.

And there is even more: with children's collections, Engelbert Strauss acquires new customers beyond the trade because children can make good use of durable work trousers. The company controls its brand recognition and customer service itself. It increases its growth – directly and without intermediaries.

**Can you survive in a platform world?**

## RETAILTAINMENT AS A FORMULA FOR SUCCESS

Digitisation in the form of algorithms, chatbots and smart machines is a process that is independent of feelings. Therefore, relationships have to be nurtured with human qualities such as emotionality and authenticity in order to be consolidated in the long term. Successful marketing in 2020 is not only benchmarked against conversion. Both online and offline, the focus is on emotional bonds with high-quality content and thrilling experiences.

Content is still king, but with one important reservation: stories do not only have to be told, they also have to be experienced at first hand. This way, retail turns into »retailtainment«.

By producing its own TV shows such as »All About You – Das Fashion Duell« (All About You –

The Fashion Duel) or organising popular events such as the ABOUT YOU awards, ABOUT YOU shows how this works. Its measures created lots of resonance around the brand and generated a good deal of content. All of this was done with the goal of inspiring brand fans and acquiring customers. The content was distributed via all channels – from newsletter to website and app to social media. This paid off: brand recognition and turnover increased while marketing costs were able to be reduced despite the offensive.<sup>116</sup>

Retailtainment also offers a real chance for stationary retailers to offer customers a thrilling shopping experience. The new flagship store of the sports retailer engelhorn in Mannheim shows how this works in practice.<sup>117</sup>





With connected, smart solutions, innovative interior architecture and a variety of additional services, the pioneering, seven-storey store acts as a meeting point for sport fans. Whether it is gait analysis or bra fitting, yoga quiet zone or climbing wall, ski and bike repair shop or running and cycling clubs: the services are impressive. They increase the desire for activity and create space for experiments. Individual services such as flocking or laser engraving are available as well.

No matter whether it is offline events or self-created content: the message has to be authentic, noticeable and entertaining enough to bind customers emotionally.

**How well do you entertain your fans?**

## RETAIL LEARNS TO SPEAK (AGAIN)

Brands no longer only have to be found (at the very top) in the text world, but also when requested via smart assistants. It is no secret that we increasingly use our voice to complete daily tasks, but also to look for products and services. According to a study conducted by Google and Peerless Insights, more than 60 per cent of people using a language assistant consider it to be very likely that they will also use it to shop online in the near future.<sup>118</sup> In order for this to work out, the product has to be known, an appropriate payment method and delivery address have to be integrated and the online shop or the platform has to be optimised for voice output. In the voice-domi-

nated age, audio is more than just a medium which has to be provided for consumption and as part of the brand identity, it also has to be a means of interaction.

Voice commerce as a subtrend of conversational commerce has been limited to Alexa Skills or Actions on Google so far. Simple queries and commands regarding current offers or FAQ are already possible. Moreover, FlixBus offers users who prefer to use their voice the option to inform themselves about luggage and bus stops and even book tickets by language commands. At Otto, information about the offer of the day or about payment methods can be enquired via language commands thanks to the integration of Actions on Google.<sup>119</sup>

And the dialogue? Up to now, you receive replies via live chats or chatbots. Barely any online shop still forgoes digital customer service nowadays. At the moment, the user still has to type diligently to get digital customer service. Dialogue Tech, a young company from Hamburg, firmly believes in the necessity of the »return of speech in commerce«. With the Dialogue Engine, they provide online shop operators with an AI-based tool which allows customers to have a normal dialogue with the shop. Via plug-and-play, the engine is to be used across sectors and channels.<sup>120</sup>

**When do your products and services learn to speak?**



## FOLLOW & CONNECT: THE DIGITAL BUSINESS CARD

Social media is used by 2.65 billion people worldwide.<sup>121</sup> On average, they spend 136 minutes every day using it.<sup>122</sup> More than 40 per cent of digital consumers use social networks to look for new brands or products.<sup>123</sup> Social media is anything but dead.

Looked for, followed, connected. This mutual game has already become the norm and is still the most important instrument to create a loyal digital community around the brand. Whoever thinks that he still has a chance without a social media profile nowadays must be oozing with self-confidence – and will be proven wrong. Not being present in social networks means not existing in the digital world.

Nevertheless, social networks change with their users. The development of Instagram shows exactly this change: it started with photos, then included videos, followed by stories – now it is a channel where you can sometimes directly buy what you see.

There are many promising strategies to reach the audience. Everything that promises attention, creates reach, is fun and generates added values is good. Successful business profiles show the right way. On Instagram, LEGO relies on entertaining and recognisable content, for example on the occasion of the 50-year anniversary of the moon landing, to attract customers via the product itself.<sup>124</sup>

WeWork almost exclusively posts user-generated content on its Instagram profile to show the experience and creativity of employees at different locations and to inspire with stylish office premises. This way, the start-up is building up a constantly growing, dedicated community.<sup>125</sup>

General Electric (GE), on the other hand, experiments with live streaming to present its 3D printers. By means of a five-hour product demonstration, GE allowed viewers to experience the process at first hand, comment on it and



even enter a raffle. Overall, more than two million viewers on Facebook and Twitter were reached that way.<sup>126</sup>

Instagram, Facebook, LinkedIn, Twitter – which is the right network for whom depends on the company, target group and objectives. Every social network has different potentials to present various aspects of a company accordingly and make them available. This offers companies the opportunity to adjust their content depending on the channel at any time so that every social profile acts as a personalised digital business card.

**Are you using the right social channels for your business?**

## INVOLVEMENT IS MORE THAN JUST REACH

The interaction between humans is a crucial part of social networks. Apart from friends and family, the average consumer likes to follow people with whom he can identify and who he believes will give him added values: inspiration for a new outfit, a good book, an event or simply some entertainment in everyday life.

These influencers are therefore perceived as more authentic and competent than analogue testimonials, in particular among younger people. Almost one out of two 16- to 24-year-olds state that they have already bought a product because of influencer advertising.<sup>127</sup>

B2C brands are pioneers in using influencer marketing. As part of the campaign #LidlStudio, Lidl for example permanently cooperates with 20 influencers and promotes limited product boxes as well as outfit ideas exclusively on online channels to increase the awareness of its online shop.<sup>128</sup>

In most cases, the success of influencer campaigns is measured

against reach and likes.<sup>129</sup> However, Instagram is now planning to hide the latter in the future. So, in what direction will the concept of influencer marketing develop if likes will actually no longer be visible to everyone? Trust will then become more important than KPIs. Commitment will become more valuable than reach.

For this reason, many companies want to invest in micro-influencers

in the future. Micro-influencers are users with less than 100,000 followers who, however, achieve a considerable degree of interaction when it comes to special expert topics. As an advertising medium, they also offer better value for money and more credibility than top influencers. The sports brand FEFLOGX Sportswear for example



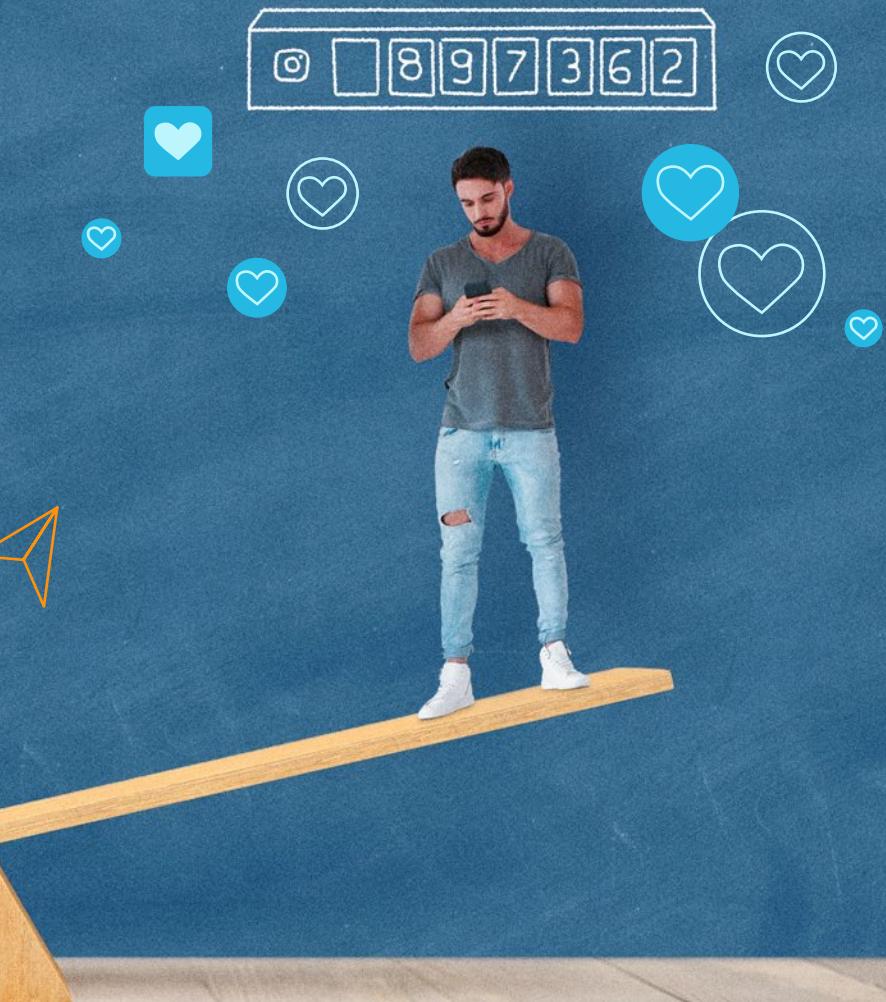
cooperates with martial artists such as Serge Michel.<sup>130</sup> However, this is not exclusive B2C terrain. B2B companies are also taking

their first steps in this marketing discipline.

Würth has recognised this potential as a successful video on

the company's YouTube channel shows.<sup>131</sup> In this clip which already has more than 37,000 views, the absolutely likeable carpenter Manfred Dirsch authentically reports on his experiences with the group's products. Even the own employees can act as perfect brand ambassadors for some companies. This is why they support the employees' involvement as the Instagram account thyssenkruppcareer, which is followed by more than 8,000 people, shows.<sup>132</sup> A well-connected CEO like Siemens' Joe Kaeser who is using Twitter very actively (28,700 followers) also strengthens the external perception.<sup>133</sup>

Have you already found your perfect brand ambassadors?



## BEYOND THE PRICE WAR

Whether it is about speakers, clothing, phone tariffs or subscriptions – many retailers attract customers with bargain days such as Black Friday, Cyber Monday or Singles' Day, both in stationary retail and online. The willingness of customers to make a purchase on these days has been increasing for years. So why should companies not participate in these events?

In fact, more and more retailers, manufacturers and brands join such initiatives to get their piece of the cake and to stick in the customers' memory. In the USA, for example, 250 retailers offered discounts during the last Amazon Prime Day in July – at least more than double as many as two years ago.<sup>134</sup> Not only the level of discount, but also the duration of campaigns permanently increases. True to the slogan: the longer and cheaper the better.

Wayfair organises the Way Day, ASOS already starts the promotion of its Black Friday campaign in September even though Black

Friday takes place at the end of November. Before, during and after such shopping manias, Media Markt and Saturn organise a »Red Sale« or a »Black Weekend« whereas clothing brands such as CAMP DAVID or Jack Wolfskin offer huge discounts both on- and offline.

It seems to have become indispensable for companies to take part in these shopping days. And yet taking part is not everything. Although one-time discount campaigns generate attention and turnover in the short-term, they do not yet create customer relationships. Only those who also convince on all other days will be able to retain customers in the long term because it is proven that customers place more value on quality.<sup>135</sup> For special experiences and excellent services, they even accept higher prices.<sup>136</sup> The battle for long-term customer relationships is thus not won by having a good price, but by service, quality and exclusivity.

**Are you able to convince your customers 365 days a year?**





- Calendar**
  - Product Release - STABILO Calendar
  - ⌚ Monday, 02/11/2020, all-day
  - [Edit](#) [Delete](#)
- Calendar**
  - Singles' Day
  - ⌚ Wednesday, 11/11/2020, all-day
  - [Edit](#) [Delete](#)
- Calendar**
  - Black Friday
  - ⌚ Friday, 27/11/2020, all-day
  - [Edit](#) [Delete](#)
- Calendar**
  - Cyber Monday
  - ⌚ Monday, 30/11/2020, all-day
  - [Edit](#) [Delete](#)

Not only does shopping have to be faster, more personal and more exciting, it also has to be more sustainable and profitable. Ordering, trying it on, returning. This pattern is repeated far too often in Germany. To be exact: 487 million times in 2018.<sup>137</sup> Obviously, this also has its consequences: returns have become the biggest problem in e-commerce. It is inevitable to ask the following question: how can online retailers solve this problem? How can companies reduce returns in the long term – not only for the benefit of the environment, but also to ensure business success?

Technologies can help retailers in creating digital shopping experiences in a way that considerably minimises returns.

## FORWARDS INSTEAD OF RETURNS

Companies are equipping themselves with lots of information such as size charts and 360-degree videos. Some companies even go one step further and experiment with experience-oriented applications.

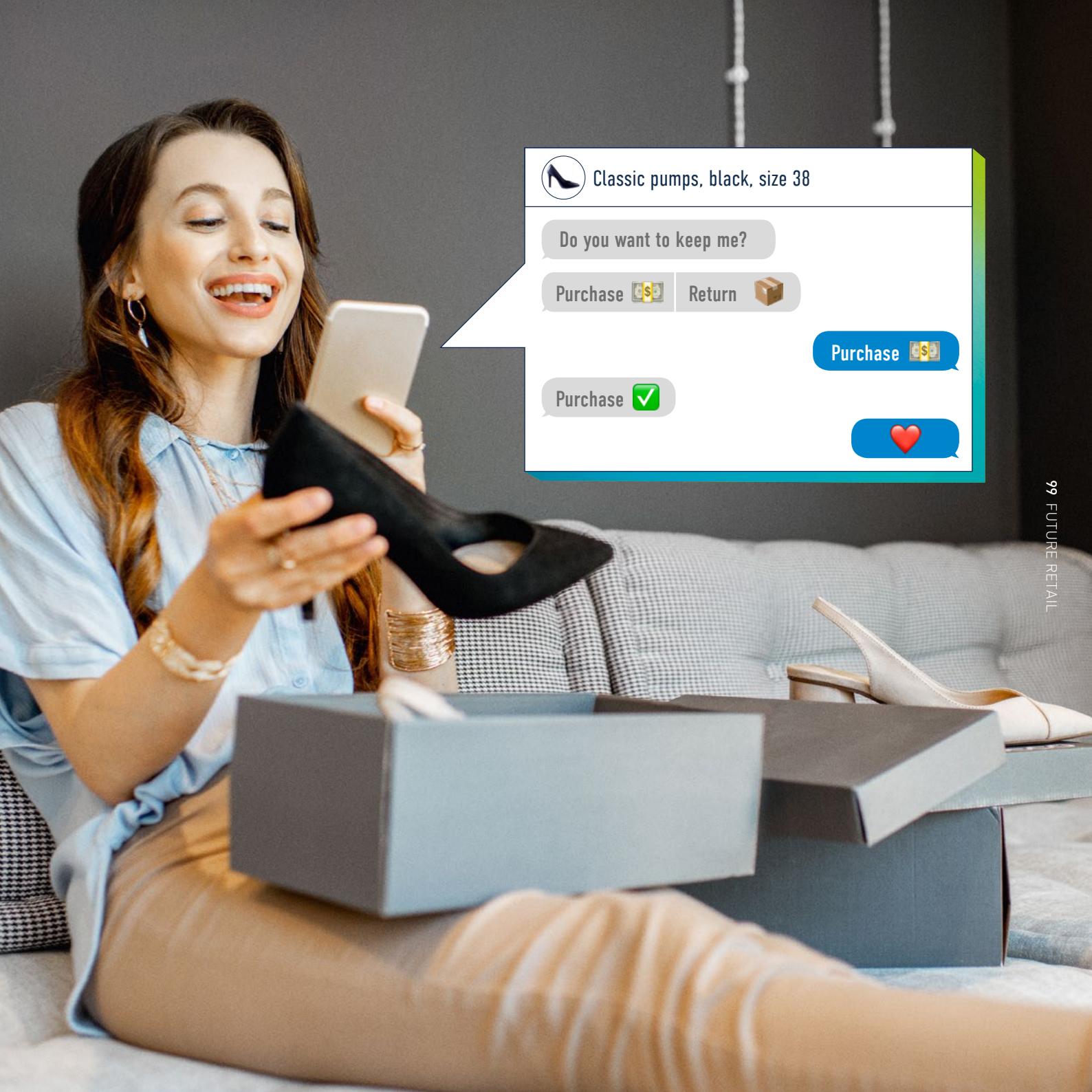
For example, ASOS recently presented an ambitious AR feature named »Virtual Catwalk« in cooperation with HoloMe.<sup>138</sup> By clicking the AR button, the own living room turns into a catwalk on which virtual models present products. The luxury brand Gucci also provides an AR-based app which allows you to try on shoes virtually in order to simplify purchasing decisions.<sup>139</sup>

Such features lead to a win-win situation: customers are enthusiastic about and satisfied with the additional help and companies see how their innovations can solve real problems.

Retailers, manufacturers and brands should thus break new ground to decrease costs, optimise processes and reduce the environmental impact – new ground on which technology serves as an enabler to support companies in improving themselves and in overcoming challenges, but especially for their customers.

### How do you avoid returns?







# IN CONCLUSION

## ARE YOU READY FOR DIGITAL BRAIN JOGGING?

There are different types of intellect. To survive in digital business and to be able to make well-founded decisions, however, you need one type of intellect in particular: digital intellect.

The good news is that every type of intellect can be trained. It depends on the right training plan. Not only recognising trends, but also constantly re-thinking and thus deriving ideas for your own business model is part of this plan.

Looking at digital competitors, learning from their successes and failures is the best inspiration. Even the big names in digital business once started from scratch, turned supposedly wild ideas into innovations and thus set standards. The courage to

experiment is rewarded because even unsuccessful experiments have enormous potential – potential to learn, readjust and do better the next time.

New, successful business models are created when companies dare to think outside the box and take advantage of digital tools. Whether it is artificial intelligence for automated processes or business intelligence for more efficient decisions – the repertoire of digital opportunities is as far-reaching as never before. And it keeps on growing. Whoever learns to use this repertoire will eventually have the chance to become a digital trendsetter himself.

# ABOUT US

# ABOUT US

dotSource, that's over 300 digital natives with one mission: designing digital customer relations. Our work rises from the connection of humankind, space, and technology.

We've been supporting businesses in their digital transformations since 2006. Whether e-commerce and content platforms, customer relationship and product data management, or digital marketing and artificial intelligence: our solutions are user-oriented, emotional, targeted, and intelligent.

We see ourselves as a partner of our clients, whose special requirements and needs flow into the project straight from the first idea. From strategy consultation and system selection, to branding, concept creation, UX design and conversion optimisation to operation in the cloud – together we develop and implement scalable digital products.

Our approach relies on new work and agile methodologies such as scrum and design thinking. Companies like Esprit, EMP, BayWa, Axel Springer, hagebau, C.H.Beck, Würth and STABILO trust in our competence.

With our blog [Handelskraft.com](http://Handelskraft.com), annual Trend Book, and Handelskraft Conference, we network industry knowledge and provide insight into current opportunities and developments of digital brand management. In order to comprehensively prepare professionals and executives for the entrepreneurial challenges of the digital world, we launched Digital Business School together with Steinbeis Technology Group in 2015.

With our groundbreaking solutions, we have been able to establish ourselves as one of the leading digital agencies in German-speaking Europe and are now among the top 10 largest companies in the industry.

## KNOW-HOW: UNDERSTANDING AND IMPLEMENTING DIGITISATION

Do you want to take part in discussions on topics such as cross-channel retail, B2B e-commerce, SEO, UX design or mobile commerce?

Do you want to carefully choose a new e-commerce, CRM, product data management or marketing automation software and need an overview of existing solutions? In addition to this Trend Book, we network industry knowledge and inform you about technical developments on our channels.



### White Papers

We prepare digital topics in a way that is easy to understand, spot-on and realistic. Our publications such as white papers and previous trend books can be downloaded for free from our website.



### Success Stories

Numerous, partly multinational companies trust in our competence in strategy consulting, development and implementation of innovative digital concepts. Our success stories offer the opportunity to learn from the experience of our clients and to derive the best for your own business.





## Handelskraft Blog

Handelskraft.de is one of the leading German e-commerce and online marketing blogs. Since 2007, we have been reporting on current trends and perspectives in digital business on a daily basis. We already share our ideas with over 6,000 readers.



## YouTube Channel

On the dotSource YouTube channel, we bring our publications to life. At »dotSource Research«, our digital experts regularly provide you with know-how about the design of digital customer relations.



## Webinars

The customer journey is becoming increasingly more complex. Modern software solutions offer an increasingly better connection of different touchpoints and systems. In order for you to keep an overview of the market, we regularly present current solutions of providers such as SAP, Salesforce and commerce-tools in our webinars.



# SUCCESSFUL E-BUSINESS NEEDS MORE THAN JUST A SHOP SYSTEM

## Commerce: Generate More Turnover

- Management and display of catalogues and products
- Control of product recommendations and bundles
- Order management and central transaction platform

## Sales: Build Positive Customer Relationships

- Central management of accounts, leads and opportunities
- Identification of potential cross-selling and upselling opportunities
- Automation of sales processes
- Controlling and forecasting

## Services: Provide Digital Value

- Self-service portals for customers
- Integration in CRM, commerce and ERP solutions
- Central control of service channels (direct, telephone, e-mail, shop, social media)

## Marketing: Design Digital Omnichannel Campaigns

- Segmentation and personalisation
- Grading and scoring of leads
- Campaign management: SEA, e-mail and social media
- Nurturing automation and success measurement



## Content: Address Customers Individually

- Creation, management and editing of content on a website
- Mapping of the publishing process including role model
- Separation of content, structure and presentation
- Dynamic content based on customer data

## User Experience Design: Create User-Centric Experiences

- Concept creation and design of a brand identity with recognition value
- Optimisation of usability and conversion through user-friendly online presence
- Strategic consulting and development of cross-channel UX design

## AI and Analytics: Use Data Intelligently

- Speech and image recognition for mood analysis or automatic tagging
- NLP for real-time translations and dynamic chatbots
- Business intelligence solutions for forecasting and controlling

## Product Data Management: Meet Individual Channel Requirements

- Central management of product information and relations
- Data optimisation for search engines and marketplaces
- Connection to third-party systems such as digital asset management
- Data governance as well as process and role management



System selection white papers including dotSource Vendor Matrices are available for:

- Customer Relationship Management
- Product Data Management
- E-Commerce Software
- Content Management Software
- Marketing Automation

# TRANSFORMATION STARTS IN THE MIND

In order to design business strategies in the digital world and to bring about change in the company, it requires specialists and executives who not only propagate change but also live it themselves – and this starts with their own further development.



## PRACTICE-RELATED TRAINING FOR DIGITAL



The Würth Group invests in digitisation in all company divisions. The subject of e-business is an important extension of our multi-channel distribution. In this context, we want to give our employees the opportunity to take part in the »E-Commerce Manager« certification course.

– Bernd Herrmann, Adolf Würth GmbH & Co. KG



CERTIFICATION COURSE  
»E-COMMERCE  
MANAGER«



## PIONEERS AT DIGITAL BUSINESS SCHOOL



The »Digital Transformation Architect« certification course helped me to broaden my horizons even further, to develop the attitude necessary for the transformation and to feel even better prepared for my role as coach and consultant on digitisation in our business.

– Michael Meier, Mainzer Vehrkehrsgeellschaft mbH



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# DIGITAL INTELLECT

19 March 2020 | Wagenhallen Stuttgart

For the fifth time, the Handelskraft Conference 2020 brings together the movers and shakers as well as the decision-makers of digital business. At this conference for digital success, we not only show you which trends matter, but also how to implement them into your own business model.

Whether it is innovation management, e-commerce, internationalisation, CRM, user experience, PIM, content commerce or digital marketing – your topics are also ours.

 #HK20STR



KEYNOTES &  
SESSIONS

NETWORKING



GET-TOGETHER

# INTERACTIVE FORMATS



## Take part

Bring along whatever moves you.  
Make the #HK20STR your conference.



## Connect

Meet the movers and shakers.  
Be on first-name terms  
with others.



## Level up

Believe in yourself.  
Become even better.



## No dresscode

No tie.  
Feel comfortable.



## No bullshit

No platitudes.  
Everything straight forward!



## More Value

Obtain knowledge.  
Turn it into business.



Get your tickets now →

[www.konferenz.handelskraft.de](http://www.konferenz.handelskraft.de)

# B2B

# Digital Masters Convention



10 – 11 NOVEMBER 2020

## B2B from professionals for professionals

At relevant industry events, those responsible for digital B2B business often do not even get the chance to ask their specific questions. The B2B Digital Masters Convention is exclusively about B2B – a business that generates one and a half times more turnover than B2C.

B2B e-commerce is growing significantly but is also considerably more complex than B2C. Therefore, it is all the more important that the #B2BDMC brings together industry experts and practical examples that show how to do the right things right.

[Get your tickets now!](#)

[b2b-dmc.de](http://b2b-dmc.de)



## A SELECTION OF OUR REFERENCES

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## A SELECTION OF OUR PARTNERS





In our webinars, we network industry know-how and give you insights into current software solutions and digital trends together with our partners.

## A SELECTION OF OUR WHITE PAPERS



»CUSTOMER RELATIONSHIP MANAGEMENT«



»SELECTING E-COMMERCE SOFTWARE«



»SELECTING CONTENT MANAGEMENT SYSTEMS«



»SELECTING MARKETING AUTOMATION SYSTEMS «



»CUSTOMER ENGAGEMENT«



»DIGITAL TRANSFORMATION«



#### Success in mobile commerce

Entry, Optimisation and Best Practices



»SUCCESS IN MOBILE  
COMMERCE«



#### E-Commerce Potential in B2B

What can e-commerce and m-commerce  
do for your business?



»E-COMMERCE POTENTIAL  
IN B2B«



#### International E-Commerce

Market Entry and Opportunities for Retailers  
and Manufacturers



»INTERNATIONAL  
E-COMMERCE«



#### Content Commerce

Boost Your Brand with a CMS and  
Shop System Content



»CONTENT COMMERCE«



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DIGITAL DNA



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365 days, 5 hours, 48 minutes and 46 seconds – this is how long it takes the earth to orbit the sun. This means that the calendar year is almost six hours too short – adding up to a whole day after four years. However, people are intelligent and have found a workaround: the leap year. Being intelligent will remain crucial. The focus should be on digital intellect. This is exactly what will make the difference in 2020. The world may not be turning faster just because it is a digital world, but it is still turning and presents us with new challenges for which intelligent solutions are required.

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