

THE DIGITALIZATION OF RETAIL SPACES

A workshop-kit that helps you explore your digital present and map your digital future



Developed in collaboration between Nordic Council of Shopping Centers, United Minds and Institute for Management of Innovation and Technology.

unitedminds



WHY DOES THIS WORKSHOP-KIT EXIST?

This workshop-kit is the result of a research project that took place during 2015 and 2016, which was financed by the Swedish Governmental Agency for Innovation Systems (Vinnova). The project consisted of three project partners; Nordic Council of Shopping Centers (NCSC), United Minds and Institute for Management of Innovation and Technology (IMIT).

To spread the insights and results of the research project this workshop-kit was been developed to support the members of NCSC and other stakeholders to strategically handle the challenges of the digitalization of retail spaces. The workshop-kit consists of several different components that should be used in combination to gain the best insights and outcomes.

The intention of this workshop-kit is not to be the answer to the challenges of digitalization for every actor within the retail industry. Rather, since every actor is unique, this will be a tool for actors such as property owners, retailers and consultants to make informed decisions when it comes to how the digitalization will affect them strategically. Accordingly, we think that the digitalization should not be understood in isolation, rather it must be considered as an integrated part of the business strategy and its importance must be evaluated in regards to its relevance for the business strategy.



COMPONENTS OF THE WORKSHOP-KIT

WORKSHOP-KIT BOOKLET – You will through this booklet get an introduction to the insights and results of the research project and a guidance for how you can use these insight and apply it to your organization.

SELF-ASSESSMENT TOOL – In this booklet, there is also a self-assessment tool. This can be considered the first step for you to determine your present in the process of a taking a more informed decision upon how you should act in a respond to the digitalization of retail space.

ACADEMIC ARTICLE – In the academic article, which is authored by Frishammar et al., the study is explained from an academic point of view, presenting deeper line of thoughts and reasoning behind the outcome.

POPULAR SCIENTIFIC TEXT – This text is a condensed version of the academic article, where the main insights, results and discussion will be elaborated on with focus on managerial implications.



PREPARATIONS

REQUIRED READING

Before you start we recommend you to read either the academic paper or the popular science text. This will give you a first introduction to the subject-matter and give you an understanding for how to use tools and frameworks presented in this booklet.

SELF-ASSESSMENT

When you have read the material we recommend you to do a self-assessment to evaluate your digital present. You will bring the result from the assessment to the rest of the workshop.

MATERIAL

To proceed with the workshop you should have some workshop material available which we have listed here below.

- WHITEBOARD
- WHITEBOARD MARKERS
- POST-ITS
- NOTEPADS



WORKSHOP LAYOUT

STEP 1. MAPPING YOUR DIGITAL VALUE CREATION ECOSYSTEM

In the first step, you are supposed to map your current digital value creation ecosystem. With the help of an exercise presented here in the booklet, you will get an overview of your main digital relationships and where value is created and captured.

STEP 2. BRAINSTORM YOUR FUTURE DIGITAL VALUE CREATION ECOSYSTEM

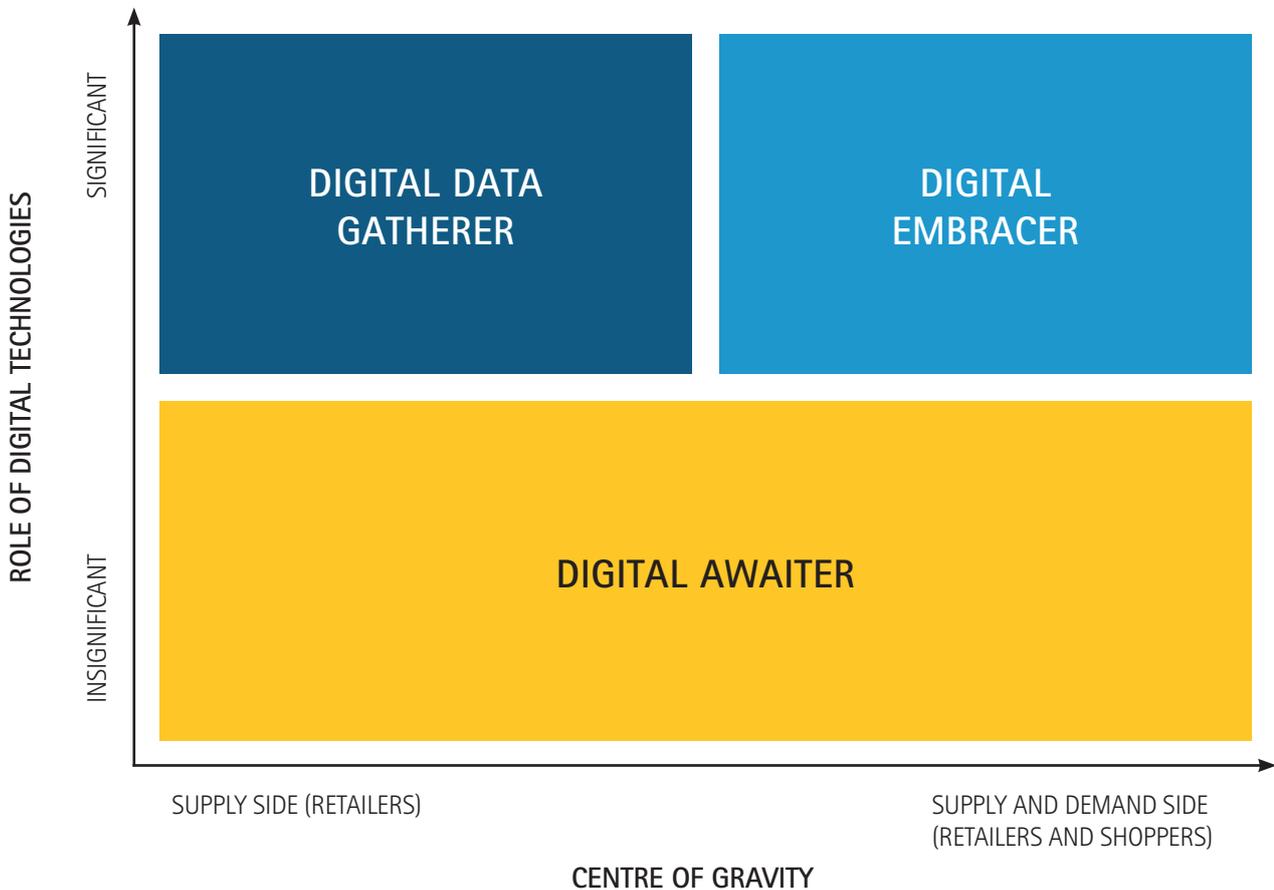
In the second step, the intention is that you should define your preferable future digital value creation ecosystem. As a result you will now have a strategic direction for where to aim at.

STEP 3. STRATEGIC CHECKLIST

The last step is about closing the gap between the current position and the preferable future. Through this exercise, depending on your positioning, a number of questions will be discussed to establish the foundation before you launch a prototype and make a full scale rollout.



A STRATEGY TYPOLOGY FOR DIGITALIZATION OF SHOPPING MALLS



For this workshop-kit we have developed a typology of the strategic implications that every retail space must consider in regards to the digitalization. Depending on your strategic intention, all of these strategies can be equally good, however it is important to align your digital intentions with your overall business strategy. For more information on the strategy typology for digitalization of physical market spaces, please refer to the article "A Strategy Typology for Digitalization of Shopping Malls" – Frishammar et al (2016).



SELF-ASSESSMENT

When you have read the article, and before you start the workshop, use the self-assessment attached on the next page. The self-assessment tool consists of ten questions, five question on each dimension; Role of digital technologies and Centre of gravity//locus of value creation, described here above and in the article.

First grade your answer on the Role of digital technologies on a scale from 1: Strongly disagree to 5: Strongly agree. When you have answered the first five questions, count up your total score and then divide the sum by five. Then you do the same for the questions regarding Centre of gravity//locus of value creation.

Now you will have an indication of your position in the strategy model described here above. A high score in the Role of digital technologies position you higher on the Y-axis, while a high score in Centre of gravity//locus of value creation position you further to the right on the X-axis.



Role of digital technologies	Strongly disagree				Strongly agree
1. At our mall, we invest significantly in activities to develop digital skills and capabilities among our employees.	1	2	3	4	5
2. We use digital technologies, such as iBeacons and geo-fencing solutions to improve experiences and capture business opportunities.	1	2	3	4	5
3. Digital services, which we promote, constitute a cornerstone of our business strategy and are critical to the success of our mall.	1	2	3	4	5
4. Digital technologies strongly contribute to our revenues and overall success.	1	2	3	4	5
5. At our company, managing digitalization is a key priority for top management.	1	2	3	4	5
Average score (Your total score on all five items divided by 5)	/5 =				

Centre of gravity/locus of value creation	Strongly disagree				Strongly agree
1. At our mall, we work actively with involving both retailers and shoppers to improve mall experiences.	1	2	3	4	5
2. We look upon our shopping mall as a "platform", and seek to nourish the relationship between retailers and shoppers.	1	2	3	4	5
3. We have implemented a plan for how to work with both sides of the market (shoppers and retailers).	1	2	3	4	5
4. Our shopping mall makes a deliberate value proposition to both retailers and shoppers.	1	2	3	4	5
5. We design activities and services with which shoppers co-create while they find some utility.	1	2	3	4	5
Average score (Your total score on all five items divided by 5)	/5 =				



STEP 1.

MAPPING DIGITAL VALUE CREATION ECOSYSTEM

1. Draw the tree main stakeholders in the retail space value creation ecosystem on a white board.
2. Brainstorm existing value-creating digital relationships.
3. Draw lines between stakeholders to indicate where value is created.
4. Discuss and note
 - a) what each relation is
 - b) how the relationship creates value and
 - c) who captures the value.

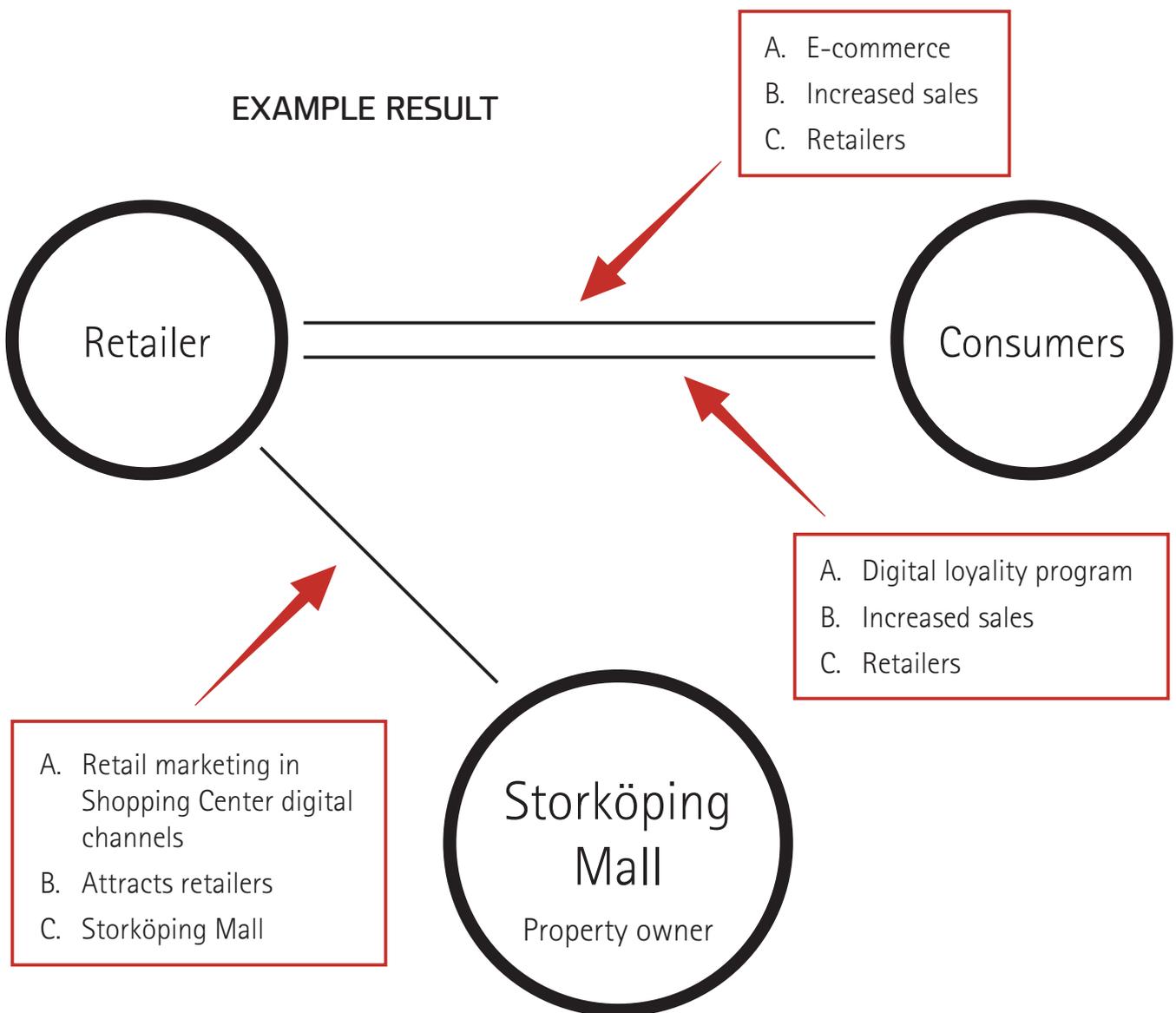
RESULT

An overview of the existing ecosystem of digital relationships between main stakeholder groups, how the relationship creates value and what stakeholder captures the value.



1. ECOSYSTEM OF DIGITAL RELATIONS TODAY

- A. What digital relations exist today?
- B. How does it create value?
- C. Who captures the created value?



STEP 2.

BRAINSTORM YOUR FUTURE DIGITAL VALUE CREATION ECOSYSTEM

1. Determine 1 key desire for each stakeholder. Note on post-it and attach to stakeholder.
2. Brainstorm and draw new digital relationships that address at least 1 key desire of a stakeholder. NOTE: relationship must involve the physical retail space.
3. Discuss and note
 - a) what each relation is
 - b) how the relationship creates value and
 - c) who captures the value.

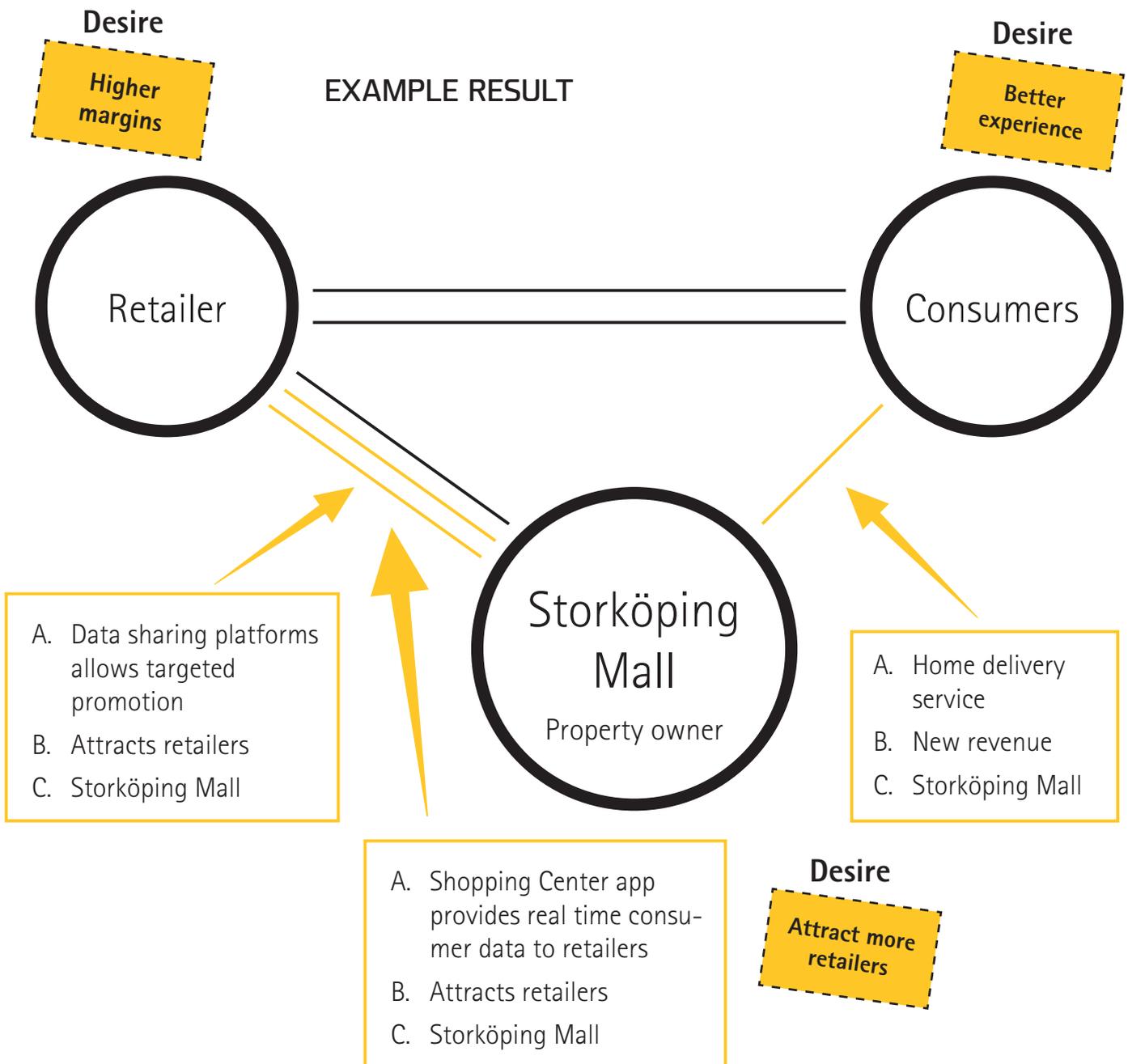
RESULT

An overview of a potential future digital value creation ecosystem, with descriptions of how new relationships create value for stakeholders.



1. ECOSYSTEM OF FUTURE DIGITAL RELATIONS

- A. What new digital relations address key desires?
- B. How does it create value?
- C. Who captures the created value?



STEP 3.

PRIORITIZE AND CREATE ROADMAP

1. As a result from the two exercises here above, most likely a gap between the current position and the preferable future can be identified.
2. This gap is defined by counting how many lines there are on each side of the value creation ecosystem, and where there currently are digital relationships missing to reach a preferable future.
3. Determine future position in the strategy typology matrix presented earlier. Center of gravity is decided by which side has the most relations (only supply side or a combination of supply and demand side). Usage of digital technology is decided by the number of lines on that side (significance of digital technologies).
4. To each position in the strategy matrix there are different recommendations for how to implement a future strategy. Use the checklist provided on the next page to develop a roadmap for strategy implementation.

RESULT

A position in the strategy matrix, and depending on the position, a roadmap and recommendations which support the implementation of a digitalization strategy.



STRATEGY CHECKLIST

The checklist consists of 3 different tracks, each with 4 questions for discussion that should be answered before the implementation (prototype and rollout). Choose the track that represents your future position within the strategy matrix.

	Digital awaiter	Digital data gatherer	Digital embracer
1. Develop business case <i>What is to be done?</i>	Explore options for basic marketing through digital channels	Explore options to increase digital data collection intensity in physical locations	Explore options for shopper-centric digital products and services
2. Define value proposition <i>What value? For whom?</i>	Supply basic information through digital channels and platforms to market retailers to shoppers and drive footfall.	Customer data and insights offer value for retailers by increasing efficiency.	New digital services offer value directly to customers, generating new revenue for shopping centers
3. Assemble relevant stakeholders <i>Who needs to be involved?</i>	Project typically led by marketing department	Project typically led by IT Department, with support from external partners/technology providers and/or recruitment and education of staff	Project typically led by top management, with support from external partners/technology providers and/or recruitment and education of staff
4. Select technology provider <i>What technology supports the activity?</i>	Communication platforms (eg Facebook, Twitter, own website)	Indoor positioning systems, internal communication platforms, logistics solutions, digital automation and other technology that provide value to retailers	New digital communication and service platforms that provide value directly to shoppers, such as e-commerce, home delivery, click-and-collect, navigation services etc
5. Develop and launch prototype service/solution			
6. Full scale rollout			



FURTHER RECOMMENDATIONS

This workshop-kit is not intended to be the answer for how to address all the challenges that arises with the digitalization of retail space. However, it will be a tool for how to make more informed decisions.

We hope this workshop-kit will be helpful for you to address the challenges of digitalization for your retail spaces.

FOR FURTHER INFORMATION PLEASE VISIT FOLLOWING WEBPAGES:

NCSC

www.ncscnordic.org.

BCSC

www.bcsc.org.uk.

RETAILS DIGITAL FUTURES

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