

Expert Group

# Headless & Omnichannel Commerce

Wat Role Does Headless Play in the Omnichannel  
Environment of the Future?

# Takeaways

1. Headless provides organizations with the technological flexibility to anticipate the constantly changing customer demand.
2. Flexibility is the best weapon against a rapidly changing customer demand in uncertain times.
3. Use technology to make a difference and keep surprising your customers.

Host



Chair



# Wat Role Does Headless Play in the Omnichannel Environment of the Future?

As part of its study into the customer journey of the future, the Headless & Omnichannel Commerce expert group examined the role technology can play in creating a solid omnichannel proposition. Technology – and headless in particular – is often presented as a potential solution, but are we dealing with a problem that can be solved through technology? In this blue paper, we answer the following questions:

- What is headless, and how does it fit into a modern omnichannel strategy?
- How do you ensure innovation in omnichannel and digitalization is placed high on the agenda?
- How can you take your organization to the next level with regard to omnichannel and digitalization?

## 1. Omnichannel: Today and Tomorrow

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Omnichannel has many definitions, but virtually all of these definitions have one thing in common: the customer, and, more specifically, their expectations. An effective omnichannel strategy puts the customer first and attempts to provide customers with the best possible services, anywhere and anytime. Because, at the end of the day, the customer is king, making them one of the main factors that determine whether the omnichannel strategy being pursued is successful.

### 1.1 New Technology: New Opportunities?

We have seen the emergence of a growing number of technologies and services in recent years that, in theory, make customers' lives even easier. From virtual and augmented reality to voice assistants, there are certainly plenty of opportunities! As it happens, the adoption of these technologies has been somewhat slow, as the technology must first reach a certain level of maturity before retailers and consumers can get started with it. New technologies can be used to surprise customers, but in some cases they may also be disappointed: disappointment by, for example, using technology that has not been properly tested and therefore does not do what it should do.

Our experts have identified several trends that will have a significant impact in the near future on customers' expectations, and, by extension, on your omnichannel strategy and the customer journey of the future.<sup>1</sup> The key trends are:

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1 SURVEY AMONG EXPERTS: QUESTION: "WHICH OF THE TRENDS LISTED ABOVE WILL HAVE THE BIGGEST IMPACT ON YOUR OMNICHANNEL PROPOSITION IN THE NEAR FUTURE?"

- **360-Degree Customer View, Machine Learning, and Privacy**

In order to better understand your customers, you need to collect as much information as possible about them and their behavior, including their shopping behavior and interests. This data can subsequently be used to optimize the customer experience through machine learning or to personalize it by making recommendations specifically for this customer. This does require, however, that you link the various touchpoints together, which is anything but simple, particularly as a result of recent developments related to issues such as the GDPR.

- **Further Integration Online & Offline: Toward Unified Commerce**

The boundary between online and offline is becoming increasingly blurred. This is evident from the arrival of online retailers in traditional shopping precincts, as well as from trends of bringing the digital world to traditional brick-and-mortar stores.<sup>2</sup> Example: trends related to augmented reality, where you can try out furniture in your own living room by projecting them using the camera on your phone or tablet. These types of initiatives tend to draw on the most recent advances in technology, but in some cases there is not enough knowledge available to really achieve success with this.

- **Marketplaces**

Marketplaces have become indispensable to many consumers, whether or not they are aware of it.<sup>3</sup> For many organizations, it may be worth their while to offer their products through marketplaces, since these give you direct access to a large customer base, at a relatively low cost. However, many marketplaces make it hard for retailers to build direct relationships with their customers, since data regarding shopping behavior and search behavior are not shared with the direct retailer and the customer interacts with the marketplace rather than with the retailer. In addition, the wide range of products and/or services available means there may be more competition.

## 2. Growing Customer Expectations

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However, these trends represent only some of the factors that have an impact on customers' expectations. For example, the customer may be a gadgets fan or prefer personal interaction with customer service agents. In addition, customers are influenced at least as much by what competitors or the market are doing. There are therefore numerous examples of these changing customer expectations.

At the end of the day, there is only one thing we can say with certainty: customers' expectations of retailers have only increased, and our experts expect this trend to continue in the future. If we want to continue meeting customer expectations in the future, we must recognize the urgency of this and anticipate it, as the impact could potentially be substantial.

This is because if customer expectations routinely fail to be met, it is very likely that they will go to a competitor that does meet their expectations.

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<sup>2</sup> SEE THE BLUE PAPER AUTHORED BY THE INNOVATIVE RETAIL TECHNOLOGY EXPERT GROUP (FROM PAGE 264 ONWARD)

<sup>3</sup> SEE THE BLUE PAPER RELEASED BY THE MARKETPLACES EXPERT GROUP (STARTING ON PAGE 94)

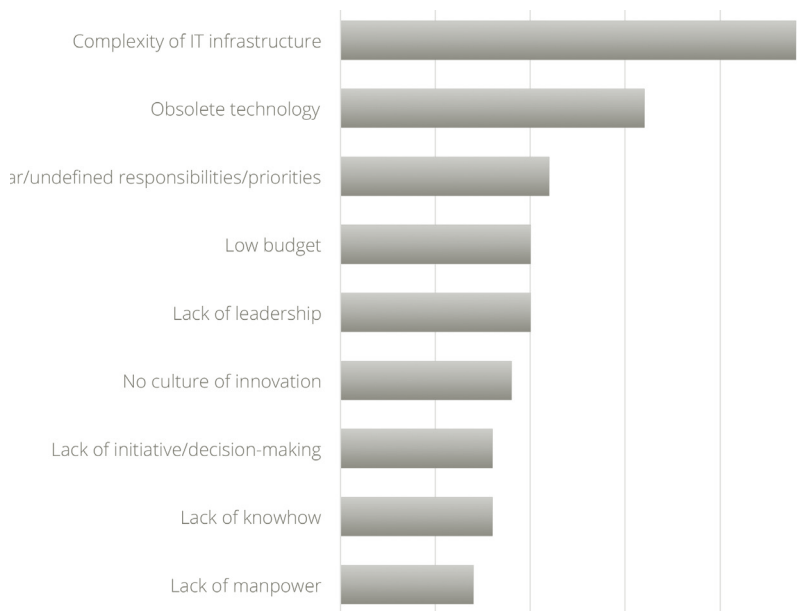
However, companies that consistently exceed customer expectations have the option to evolve into one of those rare businesses that can exceed even their customers' highest expectations. These tend to be companies that know how to deal with uncertainty and that focus on issues that are important to their customers.

### 3. From Uncertainty to Flexibility: Digital Transformation

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How come these organizations do a better job of handling this uncertainty? The answer is simple: flexibility. Flexible organizations are ultimately far better equipped to respond to changes than those that keep pursuing the same strategy in a changing environment. In fact, even our experts regard flexibility as the most important factor.

But while flexibility may be the solution, experience has shown that being flexible is not as simple as it might seem. According to the experts, there are a variety of causes for this.<sup>4</sup>



*Reasons why companies are less flexible*

These outcomes can be further subdivided into three categories. For all you sharp readers out there: it is indeed no coincidence that these three topics are often mentioned in relation to the digital transformation.

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<sup>4</sup> SURVEY AMONG EXPERTS: QUESTION: "WHAT ARE SOME OF THE BARRIERS IN YOUR ORGANIZATION THAT PREVENT YOU FROM RESPONDING TO CUSTOMER EXPECTATIONS?"

**Technology**

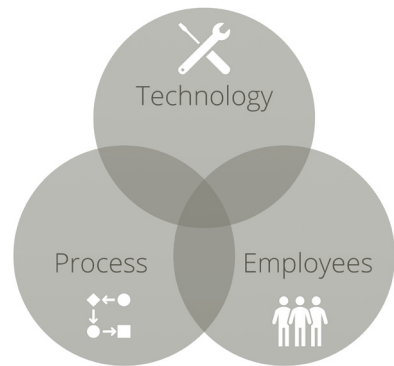
Restricted budgets, the complexity of the IT infrastructure, and obsolete technology often prevent organizations from delivering the flexibility required.<sup>5</sup>

**Employees**

A lack of action, leadership, and manpower are three frequently cited causes.

**Process**

Another frequently cited reason is an absence of the corporate culture needed to anticipate fast-changing customer expectations.



## 4. Transforming the Organization through Technology?

For this study, the experts mainly examined the role of headless technology within a digital transformation. It is no secret that technology has permanently transformed the world. The ongoing tech revolution has created, among other things, the development and explosive growth of e-commerce, and the impact of this revolution is noticeable far beyond the retail industry alone. The latest technologies generally create new opportunities (and challenges) for organizations, provided they are capable of making the right decisions.

### 4.1 Headless in a Nutshell

A new generation of platforms has recently emerged, known as headless platforms. Headless is a term that is better-known within the IT organization, so if you're not sure what headless means, you're in good company: our study shows that nearly half of those surveyed are not, or not really, familiar with the phenomenon.

The term "headless" is often used to describe an alternative way of working. This new way of working is born mainly from the need to reduce and manage the growing complexity. The new opportunities in technology, particularly related to cloud technology, have only increased the popularity of headless. The introduction of Amazon Web Services and similar platforms operated by Google and Microsoft have made it lucrative and very simple to link applications and components together by using standardized *application program interfaces* (APIs).

An API is essentially a type of contract between various applications or parts of applications, which records the transaction as a whole. This enables developers to use features quickly and easily, without requiring any knowledge of the underlying application, which in turn makes it possible to create links with (virtually) all applications that support this. An additional advantage is that the underlying logic can be maintained and extended separately, provided it is ensured that the contract does not change.

<sup>5</sup> SURVEY AMONG EXPERTS: STATEMENT: "THE IT DEPARTMENT WOULD LIKE TO, BUT ITS HANDS ARE TIED."

Headless systems are generally more lightweight than the large suites and are often available as a SaaS (*Software as a Service*) solution. However, the main difference is that headless solutions make all their features available through APIs.<sup>6</sup> Since these APIs are the only way of using the features, this means you must develop your own website, unlike with more traditional solutions.

## 5. Toward Greater Flexibility

On the face of it, the absence of a website may appear to be a con rather than a pro, but the opposite is in fact true: headless gives organizations the opportunity to create something unique due to this inherent flexibility. But how do you put this into practice? Our experts have developed a model for this purpose that can help with the introduction of a headless approach.

This model contains two elements: customer expectations (vertical) and the flexibility of organizations to respond to this (horizontal). This ultimately leads to the following four quadrants:

- **Traditional Retail**

This refers to the traditional companies and organizations of which customers (currently) have low expectations. For many readers, this represents the jump-off point of the journey.

- **Champions League**

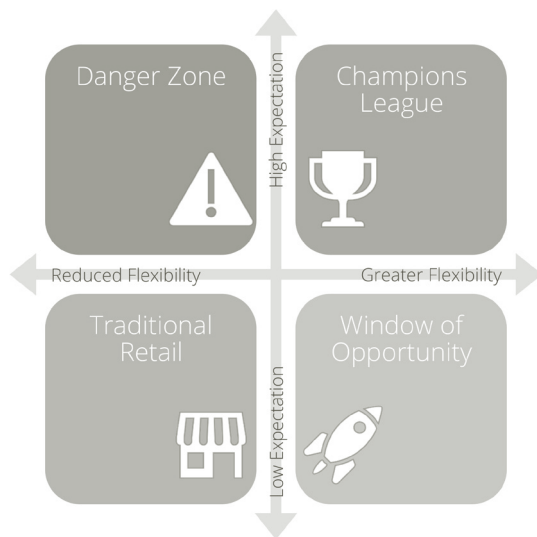
These are the organizations that consistently exceed customers' high expectations. It is certainly not easy to be classified in this quadrant, and not every company has what it takes to achieve this position, but there is a lot to be learned from the companies that operate at this level.

- **Window of Opportunity**

Organizations classified in this quadrant have every opportunity to evolve into serious Champions League players. Many of these organizations have already undergone a digital transformation, giving them the flexibility needed to exceed customers' expectations.

- **Danger Zone**

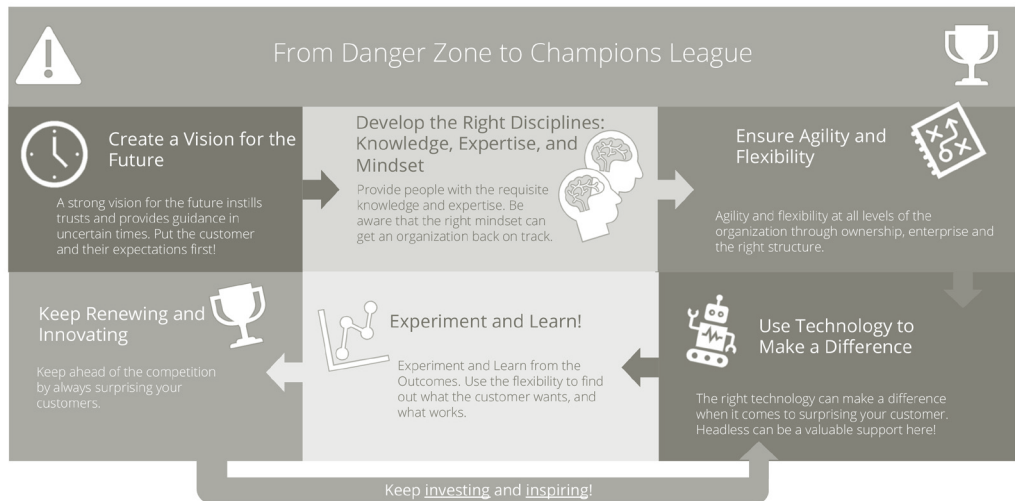
Finally, there is the category of companies whose customers' expectations exceed the products or services provided. This is the most urgent of the quadrants, given there is a lot at stake. A sole new player in the market can disrupt the industry as a whole. A good example of this is the launch of Uber and the impact this has had on the traditional taxi market.



<sup>6</sup> HOWEVER, THERE OFTEN IS AN INTERFACE FOR USERS IN WHICH ADMINISTRATIVE TASKS ARE PERFORMED.

## 5.1 From Danger Zone to Champions League

As noted above, the “Danger Zone” is the most urgent quadrant, and organizations classified within this quadrant may not survive. Yet there are possibilities to move from this quadrant to “Window of Opportunity” and even to the “Champions League.” Together with the experts, we acknowledged a number of steps needed to undergo this transition and developed the model below using these steps.



### Investing

The main tip we would like to share is invest: in people, processes, and technology. In digital change processes, technology is a means rather than a solution. Even if you’ve got your people and processes in order, you won’t achieve anything if the technology is not working for you. The reverse is also true: if you have state-of-the-art technology but can’t get your people behind you, it’s going to be a non-starter. These three elements must be seamlessly integrated in order to achieve the best results.

#### Step 1: Create a Vision for the Future

Find that dot on the horizon and create a vision. Identify your customer’s future needs and create a roadmap with tangible and realistic milestones. Focus on achieving these milestones. Decide whether milestones from the past are still relevant and update/make changes where necessary.

#### Step 2: Develop the Right Disciplines: Knowledge, Expertise, and Mindset

Your employees are a vital part of the digital transition. You need the right knowledge, expertise, and mindset to steer the organization in the right direction. People must be willing to change and learn new disciplines they did not previously possess.

#### Step 3: Ensure Agility and Flexibility

Change is the only constant. Customer expectations are changing, and are expected to change even faster in the future. This requires agility and flexibility both within the organization as a whole and in the IT department. Make sure there are people at all levels of the organization who embrace “digital” and ensure that the benefits can be quantified, for example through *lean* testing. This increases the urgency to embrace digital among all parties concerned.



#### **Step 4: Use Technology to Make a Difference**

Be aware that technology is an enabler rather than a cost center, by showing people that technology can be used to earn, and not just save, money. Clarify this to people – this is the first step toward using technology with the objective of making a difference.

#### **Inspire**

As soon as people, processes, and technology are aligned in the right way, you've got the fundamentals in place to inspire people. The main thing is to keep inspiring your employees to keep an eye on trends, embrace innovation, and keep learning. The next step – inspiring your customer – will then follow automatically. Various experts do this, for example, by promoting trade fairs and exhibitions and organizing hackathons.

#### **Step 5: Experiment and Learn**

One of the biggest challenges in today's disruptive market is identifying the customer needs of the future. This means that not all changes are embraced automatically. Make sure your customers still understand what is going on in terms of innovation, so you will not lose them. Everyone needs to get used to changes, including customers. Don't get discouraged if things don't get done quite the way you expected, but use the knowledge you acquire as a result by continuing your development. Give your customers the time to get used to innovation.

#### **Step 6: Keep Renewing and Innovating**

It is only once all the steps outlined above have been completed that you can start surprising your customers. The flexibility of IT and the organization and the drive for continued innovation enable you to not only meet current, but also shape future, customer expectations. You should therefore keep an eye out for new trends and developments, experiment where necessary, and learn from your customers.

## **6. Conclusion**

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One of the main conclusions of this study is that change is the only constant, also with regard to customer expectations. Customer expectations are set to only increase further, fueled by a variety of factors, including competitors, new players and various technologies.

### **6.1 Does Headless Play a Role in a Flexible Omnichannel Proposition?**

The answer is YES! Headless can most definitely play a positive role in a flexible omnichannel proposition.<sup>7</sup>

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<sup>7</sup> SURVEY AMONG EXPERTS: QUESTION: "WOULD HEADLESS IMPROVE FLEXIBILITY IN OUR ORGANIZATION?"



“Headless provides you with an advantage over competitors by enabling Best of Breed, making it easier to switch.”

**Tim Beckers, Global Lead Product Owner, E-Commerce, Jacobs Douwe Egberts Professional NL B.V.**

### Headless: Speed, Simplicity, and Flexibility

It is important to be aware that some of the disadvantages of traditional, non-headless solutions may still exist as part of a headless approach, but headless certainly offers a number of distinct benefits.

Headless often increases the speed of development (in the long term), causing you to achieve results faster. This is because headless solutions offer a certain type of modularity, making the eventual solution often easier to manage. In addition, most headless solutions eliminate the need for costly and time-consuming updates.

Since headless offers complete freedom of choice in terms of technology, it tends to be easier to find the right people. Instead of relying on specific, costly knowledge you can start using state-of-the-art, popular technologies that developers actually want to use. This not only reduces expenses, but also the likelihood of *vendor lock-in*<sup>8</sup>.

Finally, the flexibility of headless offers you the option to serve virtually any channel, now and in the future.

We can therefore conclude with certainty that headless is a highly appropriate solution in terms of technology. As described, however, there are three elements necessary for digital change: technology, processes, and employees. In digital change processes, technology is a means rather than a solution. The key to achieving excellence through a flexible omnichannel proposition is that all of these pillars are integrated in an organization in the correct way.

### 6.2 When is the Right Time to Start Headless?

Our study shows that more than 60% of those surveyed have already implemented headless, or are certain to do so in the next two years. According to Tamara Smith-Zonneveld, this means you need to make the transition as soon as possible.



“You can get pretty far without headless, but you’ll eventually lose out against the competitor that did implement it”

**Tamara Smith-Zonneveld, E-Commerce and Omnichannel Specialist, Palma Interim**

<sup>8</sup> VENDOR LOCK-IN, ALSO KNOWN AS PROPRIETARY LOCK-IN OR CUSTOMER LOCK-IN, MAKES A CUSTOMER DEPENDENT ON A VENDOR FOR PRODUCTS AND SERVICES, UNABLE TO USE ANOTHER VENDOR WITHOUT SUBSTANTIAL SWITCHING COSTS OR INCONVENIENCE. (SOURCE: WIKIPEDIA)

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