“Ten years ago at Best Buy, we thought “Amazon will kill us.”

- Hubert Joly, Chairman and CEO of Best Buy

In the last decade, we saw a trend of retail stores going out of business. The reason being disruptive tech startups especially amazon. On the other hand, Best Buy built a comprehensive strategy to implement digital transformation in the right way. Digitalization was used to manage different sectors in a way that made owning stores an advantage. With focus on customer experience they were able to transition from bricks-and-mortar retailer to a company obsessed about the customer and in serving them in a way that truly solves their unique problems.

The objective was clear, for best buy to survive the competition they had to have a digital transformation. They shifted their measure of success from traffic and conversion rates to customer relationships and customer churn. Key to this change had been the combination of data, employee enablement, purpose and customer experience.

Though named as digital transformation, it was more about renewing the image of the brand “The new blue”. Four major factors in focused were:

1. Price matching — they’d match any veritable price found on Amazon.
2. Delivery — they delivered just as fast.
3. Customer experience — via their employees.
4. Become good global citizens — by reducing their carbon footprint, giving to charitable organizations, and similar efforts.

The most important element has been data. It is applied to every one of processes, starting with customer journeys and digitization of those journeys. These go across multiple touchpoints, from website and the personalization we can do there, to using AI and machine learning in search. They heavily invested in experience in-store and in employees, which saw turnover reduce to 30 per cent. With a vision of being gladiators of the field, R&D was also in focus. A feature called "On My Way" enables customers to alert a store that they are going to soon arrive to pick up an item, giving employees time to bring the item to the front of the store for pickup. The store also sends the customer an email with unpacking and installation instructions. Best Buy also uses virtual reality to aid customers in their shopping journey by showing what an item will look like in their home.

Digital marketing had been another key priority. Seven years ago, 80 percent of Best Buy’s media spend was in mass marketing. Today it’s 90 per cent digital. In just one case, the company is sending 40 million versions of its promotional emails. This aims to help customers better choose, buy and integrate technology and sees Best Buy staff coming into homes for free to provide consultative services.

In customer relationship management, Best Buy has then armed all in-home advisors and tech support with information about customers to ensure staff know the individual customer is and everything they have in their home, so service is more effective. Critical is building a reputation as a good corporate citizen. Initiatives along this line include reducing Best Buy’s carbon footprint, and launching ‘Teen Tech Centers’, interactive spaces assisting teenagers to better understand technology and its role in modern lives. The second example is ‘Total Tech Support’. A big step up from its Geek Squad, which has historically been attached to a single product or vendor was now taking care of all electronics. A third example of Best Buy’s purpose-driven innovation is a focus on ageing seniors and ensuring they can stay in their homes living independently for longer. In this vein, Best Buy acquired Jitterbug last year, a company focused on utilizing technology to support the elderly living at home. Best Buy also acquired GreatCall, a provider of connected health and personal emergency response services to the aging population, with more than 900,000 paying subscribers. By placing devices in seniors' homes, the company monitors their daily seniors' living activities.

"Magic happens if you can connect the purpose of each individual with the purpose of the company. The purpose of a company like Best Buy is not to make money — it's an imperative to make money, you have to make money — but it's not the purpose. The purpose in our case is to enrich lives with technology", said Joly at Adobe Summit 2019.

Key takeaways from Best Buy’s digital transformation, we realize it’s not just about getting your store a website but providing the same experience on all platforms. Holistic view of the development of business is a must. Digital transformation helps one understand their customer better and provide customized unique experience. Further, customer relationship plays a key role in this competitive market.

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