

Team 4 – Innovation in the Online Retail Industry

Executive Summary

The e-commerce industry has shown great growth over the past two decades and is now a major source of revenue for retailers. With 51.7% of the world's population having access to the internet (as of June 2017) and cell phones becoming the biggest source of internet traffic, retailers of all sizes must consider having an online presence. Traditional businesses are losing their market share since consumers now prefer to shop online.

This paper explores the history of e-commerce, three failed cases of online retail (Sears, Blockbuster and RadioShack) and three detailed case studies of online retail giants (Ebay, Amazon and Alibaba). Through the course of this paper, conclusions are drawn about the reasons behind the successes and failures of each of these corporations' online ventures.

The reasons behind the three failed cases studies that can generally be applied to any corporation looking to venture into the online retail space are:

- A lack of upgrading technology
- Failing to listen to the voice of the customer
- Resistance to adopting change
- Rigid cost saving mindset
- Poor inventory management systems

After having studied the three retail giants, lessons were learned about the organizational culture that promoted industry leading service, product and process innovation. These lessons are universally applicable to any corporation looking to enhance its innovation footprint and are as follows:

- Acquisitions – acquiring like-minded businesses to feed on innovators from across the industry
- Incubation – sharing resources to partner with exceptional minds
- Hack-a-thons – leveraging top talent in the industry
- Hire-it – Hiring thought leaders from any array of creative fields
- Building a culture that encourages employees to go beyond traditional limits and conventions to develop bright ideas/solutions
- Customer centric thinking – listening to the Voice of the Customer (VOC)
- Broad minded corporate culture promoting the sharing of employees' point of view at all levels of the corporation without fear of penalty
- Human resource department being comprised of cross-functional professionals

It is apparent that opportunities for innovation (service, product and process) are abundant in the e-commerce landscape. Retailers venturing into the online space, not unlike traditional retailers, need to continuously evolve with market trends, foster a company culture that promotes idea sharing and most of all make innovation the top priority in order to stay ahead of the competition.