

PagerDuty

# The impact of downtime on retailers

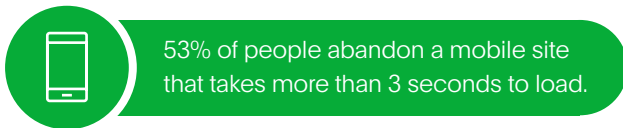
# Impact of downtime on retailers

Retailers know better than anyone else that every second of downtime directly translates to lost revenue, especially during times of peak traffic like the holidays. And in a world where [53% of people abandon a mobile site](#) that takes more than 3 seconds to load, it's vital to be operationally prepared with a best-practice incident-resolution process to identify problems before they snowball, resolve them quickly, and continuously learn and improve.

Along with rising customer expectations, the technologies that power retail are growing more complex every day. From POS and QR systems, to building management, mobile devices, IoT, and more, retailers must deliver a seamless omni-channel or e-commerce experience to stay ahead of the competition.

With increasing volumes of incoming information from online shopping trends and in-store technologies, it's crucial to modernize your IT infrastructure and operations to make the most of the data and drive the right real-time response to customer-impacting issues. By modernizing operations and adopting best practice incident resolution, retail teams can better mobilize the right people at the right time, protect brand reputation and revenue, successfully manage their assets and supply chain, and rapidly deliver new product innovation.

Are you equipped to provide reliable digital services while continuing to deliver innovation? Read on for actionable best practices so you're prepared.



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# Are you prepared for the busiest Time of year?

In the retail industry, if you can handle the holiday season, you can handle it all. The holiday season is crucial for retailers since it is peak revenue time for both online and brick-and-mortar shops. In the United States, the season accounts for about 20% of annual retail sales—in 2020, holiday season sales for both online and other non-store purchases were [up 23.9% over the year before](#) despite the economic effects of COVID-19.

But due to the significantly increased workload on each element of the infrastructure, the peak traffic periods like holidays or annual sales are also a high-risk period for the technology that supports practically every retail enterprise. When online traffic surges on Black Friday and Cyber Monday, the number of incidents spike. These circumstances are responsible for high-profile outages, and few retailers are immune, regardless of their size. Combine that elevated risk level with the financial fallout of missed revenue, and you have an extremely high-stakes, business-critical, expensive situation.

Regardless of sector, when critical technology fails, sales are inevitably impacted. As a [recent study](#) we conducted shows, incidents are on the rise, increasing by 19% YoY from 2019-2020. And the longer each outage lasts, the greater the financial loss. But if you have operations in place to support agility, scalability, and reliability, you can handle any season—including the holiday season—with peace of mind when faced with increased traffic, unexpected issues, and much more.



In order to do this, retailers can take a page out of the engineering support playbook. Hypercare is the period of time immediately after a system goes live, where an elevated level of support is available to ensure the new system is adopted seamlessly. For industries that experience peak traffic periods (like retail during the holidays), aligning the business to apply hypercare principles for that time period can allow for a smoother customer experience and minimize headache for the teams supporting critical services. Building processes and assigning staff availability to monitor system performance and watch for potential issues can help teams prepare for the possibility of downtime during the holiday season, when heavy traffic is anticipated and customer experience is paramount.

Many teams are already adopting this hypercare approach. In fact, based on our [state of digital operations report 2020](#), critical incident volume for organizations in the United States (US) during US holidays was actually lower than non-holiday periods. To mitigate risks, teams are adopting best practices ahead of these milestone events such as code freezes, setting up observability, documenting and practicing major incident processes, and more.



# Recent innovation trends



## At your service

Car dealerships and other typical brick-and-mortar experiences have started exploring ways to [pivot their business models](#) to meet consumers where they would be comfortable, introducing services like test drives at home and virtual concierge-style messaging about models.



## The rise of click and collect

Curbside pickup—which allows consumers to make purchases online and pick up the same day outside the store—minimizes human contact and has grown in popularity. In the U.S., sales from click-and-collect orders are forecast to [increase to \\$83.47 billion and 9.9%](#) of all ecommerce sales in 2021. [According to Invesp](#), online grocery shopping will continue to rise in popularity, reaching an estimated \$59.5 billion by 2023 from \$23.9 billion in 2018.



## Direct to customer (d2c)

D2C has proven itself as a strong business model and has pushed retail in new ways, [with online channels seeing immense growth](#) in recent years. Retailers' ability to deliver on all this is in large part because they are unencumbered by legacy processes and infrastructure—they can rethink the customer experience and can pivot quickly to meet demand.



## Contactless payments

According to [Epsilon](#), Q1 of 2021 ushered in a 40% increase in touch-free transactions including mobile wallets, app payments, and NFC cards. This highlights the importance of a seamless payment experience, especially as many people move towards purchasing via apps.

# Total cost of downtime

Downtime has big consequences for retailers. Just how great can those consequences be? At retail giant Amazon, a 63-minute outage on its Prime sales day in 2018 cost the company nearly [\\$100 million in revenue](#). That's serious money.

Consider the customer impacted by downtime. Fifty-three percent of visitors abandon slow or unresponsive websites [within 3 seconds of lag time](#), according to one report. The competition is literally only a mouse-click away, and the potential sale is lost as soon as the potential customer makes that click.

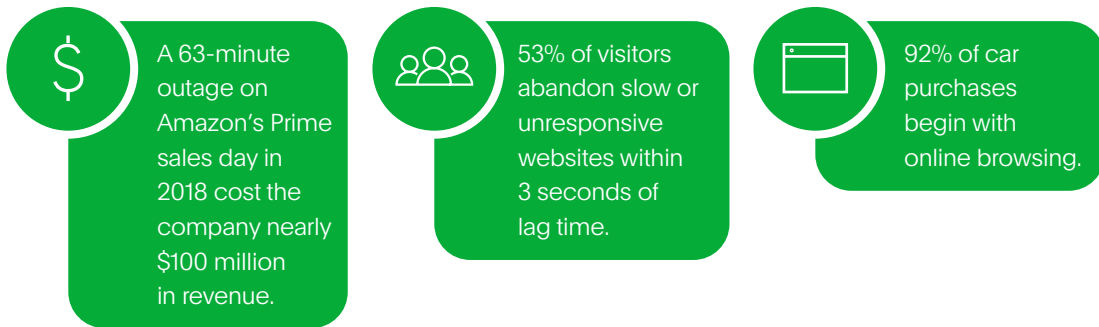
It's not only online dollars at risk. Retailers are increasingly challenged to master the online-to-offline connection. For example, a [study by Google](#) found that 92% of car purchases begin with online browsing, long before the customer walked onto the sales lot or into the showroom. This blended continuum of retail shopping behavior requires a seamless handoff and attention to the customer experience across all channels to steer the consumer towards purchase and, ultimately, brand loyalty. That ratio may vary by industry, but the advent of mobile devices and pre-purchase browsing certainly prioritizes uptime for even a simple brochure website for all retailers. Outages can also impact retailers' ability to nurture these customers, putting those brick-and-mortar dollars at risk as well.

These figures represent only the tip of the iceberg. The total cost of downtime can be much greater than the cost of lost revenue. There are other costs associated with downtime and mismanagement of incident resolution as well, such as loss of productivity due to IT and development staff spending cycles spent firefighting outages instead of focusing on innovation or other projects to help drive the business forward. Organizations constantly plagued with messy resolution processes can suffer from bad employee morale, which can become a negative spiral that can result in attrition.



In fact, our state of digital operations report 2020 noted that there is a statistically significant correlation between users leaving the platform (our proxy for attrition) and how often they were involved in off-hour incident resolution. In other words, the more frequently users are involved in fixing problems off hours, the more likely they are to quit. This was even more crucial during COVID-19, as our study showed that over a third of users worked the equivalent of two extra hours per day, or 12 extra weeks of work per year.

This underscores the importance of making sure that ITOps and DevOps leaders are investing in people, technology and processes to not only ensure that everything works seamlessly, but also prepare for the cases when something goes wrong. Having a plan in place to resolve issues as quickly as possible will help to minimize downtime, maintain revenue, and manage both employee and customer happiness.



# Why digital operations management—

## And why it's important for retailers to get it right

It is well worth the effort to map out your existing processes and identify improvement opportunities because fine-tuning your approach and deploying the right tools will help teams identify and resolve issues faster. This is especially relevant for retail where every second of downtime translates directly to a dollar value with potential revenue impact.

Digital operations management harnesses the power of data and machine learning to help teams gain the visibility and control required to build a process for real-time work, orchestrate effective and immediate incident response, and deliver business value with seamless customer experiences.

The main goal of having a digital operations management platform in place is to intelligently orchestrate a coordinated response to incidents that reduces resolution time and limits the damage and impact to the end customer. An effective digital operations management platform should also be employing technologies like AIOps or machine learning to improve and set up IT teams with the ability to resolve a similar incident faster next time—or ideally prevent it from happening again.

There are three main components of digital operations management:



### End-to-end visibility

It is important for any digital business to maintain a holistic view into the health of its IT infrastructure. You can gain full-stack visibility by implementing different monitoring tools to keep track of your IT infrastructure health. But just collecting these data or signals isn't enough; there needs to be a way to normalize, de-dupe, correlate, and gain actionable insights from all this data, and all the events generated by these monitoring tools must be centralized in a single hub, from which they can be triaged and routed to the right on-call responder or team. AIOps is a powerful way to leverage machine-learning to reduce noise, automate root cause analysis, correlate similar or past incidents with current ones, and create a contextual aggregate of information to help speed up response.





### Orchestrated process for real-time work

In retail, every second counts. Once it's determined that a signal is urgent, actionable, and impactful, it must be routed to be fixed as quickly as possible. There are two key components of real-time operations orchestration for modern incident management:

#### *Incident Response*

is a process that helps teams route actionable signals to the right people at the right time with the full context so they can be empowered to orchestrate swift response. To learn more about Modern Incident Response best practices, [read this ops guide](#).

#### *Service Ownership*

is an operational model where development and operation teams have complete ownership over every aspect of the services they support—from design and development, to production operation, and the eventual sunseting of their software. To learn more about Service Ownership, [read this ops guide](#).

When paired together, service ownership and modern incident management processes help to further align and fine-tune routing and accountability to create a truly optimized approach for both faster resolution and continuous learning. A true digital operations management platform will also help facilitate [blameless postmortems](#) as a part of the workflow so teams can iteratively improve their infrastructure and incident response processes.



### Delivering business value

Effective communication is the corollary to all of these components. Communicating with customers, third-party suppliers, technical support teams, senior management, and other stakeholders is just as vital as rapid resolution. People are reassured when they know what is happening and when a resolution is in place. Whether in the form of analytics or simply informing cross-functional stakeholders about important information related to downtime and customer-impacting issues (past or present), this is a key piece of digital operations management that helps businesses look back and plan ahead by better understanding the state of their uptime and customer experience.

# Retailers rely on PagerDuty to deliver always-on experiences



## Teams trust PagerDuty

When your business is on the line, you can rely on us to be there in the moments that matter, helping you to keep your digital services working perfectly.



## Take the right action in real time, every time

PagerDuty is always on so you don't have to be. We use automation and machine learning so you can bring together the right people, with the right information, to resolve incidents before they impact your customer, while increasing team productivity.



## Operate your digital business at peak performance

[PagerDuty customers realize significant value](#) by leveraging PagerDuty to improve their digital operations. This comes from gaining greater efficiency from their IT teams, protecting revenue, and building a resilient digital business for the long term.



**Shopify**

### Size:

1,000 - 5,000 Employees

*Shopify leverages PagerDuty to perfect the on-call experience.*

[Watch Testimonial >](#)



**Good Eggs**

### Size:

201 - 500+ Employees

*"Good Eggs uses PagerDuty to monitor the temperatures of refrigeration units, each holding \$200,000 worth of inventory."*

[Watch Testimonial >](#)



**SPS Commerce**

### Size:

1,001 - 5,000 Employees

*"PagerDuty allows my teams to focus on what's important to us and continue to move our business forward."*

[Read Story >](#)



**John Lewis**

### Size:

10,000+ Employees

*"PagerDuty has been critical in ensuring we can rapidly respond to digital incidents so we don't lose revenue to our competitors."*

[Read Story >](#)



# Sign up for a free trial

Learn more about how PagerDuty can help retail companies deliver best-in-class, always-on services to customers.

## About PagerDuty

PagerDuty, Inc. (NYSE:PD) is a leader in digital operations management. In an always-on world, organizations of all sizes trust PagerDuty to help them deliver a perfect digital experience to their customers, every time. Teams use PagerDuty to identify issues and opportunities in real time and bring together the right people to fix problems faster and prevent them in the future. Notable customers including GE, Vodafone, Box, and American Eagle Outfitters.

To learn more and try PagerDuty for free, visit [www.pagerduty.com](http://www.pagerduty.com).