



# RESHAPING MODERN RETAIL IN THE “TECHNOLOGY”CAL WAY

**From IoT to Omni-channel, SMAC to Big Data, retail industry are trying hard to cope up to the technological advances. Today it might be a choice, but in not so far future, it will become a must for the retailers to adopt these technologies to satisfy and engage their consumers.**

By Sunil Nair

In a hyper connected and mobile age, retailers have to deal with highly informed and demanding consumers who have a whole world of information available to them. Faced with the growing importance of the online channel, coupled with the rise of mobile devices and social media, it's not surprising that the need to embrace change is uppermost in the minds of retailers. Today it might be a choice, but in not so far future, it will become a must for the retailers to adopt these technologies to satisfy and engage their consumers.

Over the past few years, a number of technology trends have evolved and dramatically altered the retail industry. The emergence and the transformational growth of the new economy has unleashed powerful forces which are eventually and successfully reshaping the retail industry at a transformational speed. In order to succeed, today's retailers have to offer a seamless shopping experience across all channels – and should not lose track of their customers. Some of the trends given below are going to reshape the way modern retail is defined today.

## **IoT (Internet of Things)**

IoT has big implications for the in-store marketing efforts of retailers and brands. Connected devices aren't just changing

the way consumers live, work and play — they're dramatically reshaping the entire industry. The IOT movement offers retailers opportunities in three critical areas: customer experience, supply chain and new channels-revenue streams.

Leading retailers across the globe are already investing heavily in the IOT. They are beginning to transform their business practices and recognize that, in time, the IOT will touch nearly every area of retail operations and customer engagement. In the IOT of today, everything has the potential of being an IOT thing. From the lighting system in the store, the POS (Point of Sales) system, to the electric switches and even garbage disposal units. IOT is at the heart of this transformation. It connects people, machines, items, and services to streamline the flow of information, enable real-time decisions, and heighten consumer experiences.

While the IOT may still seem like science fiction, it is becoming reality faster than most of us can comprehend. Retailers that hesitate to develop and execute an IOT strategy will open the door for competitors — old and new alike — to swoop in and capture early IOT mind share and market share.

#### **SMAC (social, mobile, analytics and cloud)**

The relationship between consumers and enterprises has never been as intrigued as in the 21st century. As digital technologies augmented by SMAC are creating new touch points for enterprises to awe their consumers, we are witnessing the evolution in consumer experiences. Social, mobile, analytics and cloud or SMAC are the nexus of forces, which will reshape how consumers experience a brand.

SMAC are currently driving business innovation. It creates an ecosystem that allows a business to improve its operations and get closer to the customer with minimal overhead and maximum reach. Digital is now an essential part of the whole shopping experience and the entire business of retail, inside as well as outside the store. You don't need to leave a physical store

to get your digital fix. Instead, retailers are leveraging a wide array of in-store technologies meant to draw consumers in the door. As the impact continues to increase, the way retailers think of digital and invest in it, besides addressing the digital wants and needs of their customers is changing dramatically.

#### **Big Data**

Today, retailers are constantly finding innovative ways to draw insights from the ever-increasing amount of structured and unstructured information available about their customers' behaviour.

Data gathering and analytics will play a key role in evolving business models in retail. Usage of data and analytics to better understand consumers in the form of branding, product management, leveraging loyalty card information to tracking customer buying behaviour and making better pricing decisions will be the key factors. Collecting and leveraging customer information to provide personalized recommendations will be the norm going forward.

Retailers, large and small, have been reaping the benefits of analyzing structured data for years, but are only just starting to get to grips with unstructured data. There is undoubtedly still a great deal of untapped potential in social media, customer feedback comments, video footage, recorded telephone conversations and locational GPS data. Great benefits will come to those who put it to best work, and the best solutions will more likely come from innovative thinking and approaches to analytics, rather than those who simply try to collect as much data as possible and then see what it does.

#### **Omni-channel retail adaptation**

"Omni-channel" is a term that extends and supersedes multichannel. Multichannel (or cross-channel) refers to delivering content and considering consumer experience on more than one channel. Omni-channel is about understanding and optimizing for the entire journey across all channels.

Omni-channel today is a necessity. Brick-and-mortar retailers have been

In order to succeed, today's retailers have adopted a strategy to offer a seamless **shopping experience across all channels – and should not lose track of their customers.**





## SPAR'S JOURNEY

Customers tend to shop more from hypermarkets on weekends, on days when promotions are run & typically towards month beginnings & month ends. Hypermarkets are not a preferred destination for mid month top-up shopping. And again, customers who visit hypermarkets are averse to heavy shopping bags and bulky purchases like rice bags. Max Hypermarket (SPAR) recognized these challenges and the pain points associated with it. SPAR had to find answers on how to connect with potential customers beyond immediate catchment, satisfy their monthly & top-up shopping needs and yet, deliver on all SPAR promises of Freshness, Value, Choice and Service. This had to be achieved using existing infrastructure and in a cost optimal way.

Objective is to make the shopping process as easy as possible, and it's targeted at customers who still do the bulk of their shopping in stores. But it also takes aim at shoppers looking to buy their groceries with a click and those who are hesitant to try online grocery shopping at all.

We plan to get into these two fulfilment service lines:

- ▶ Buy Online and pick at stores (Click and Collect )
- ▶ Buy Online and delivery to Home



Business & Technology team at SPAR along with the support of our leadership team collaborated to develop a unique online Omni-channel business model that facilitates customers within defined geographies to shop from their nearest SPAR store. It requires minimal investments in backend infra, works with store inventory, orders can be quickly serviced from stores and therefore, meets objective of both maintaining freshness of items & same day home delivery (a necessity in food & grocery). Optionally, customers can pick up their purchases from store (click & collect).

An important feature of this model is the end to end enterprise class technology landscape put in place without upfront heavy investments. A technology that seamlessly integrates & displays online "real time inventory" of thousands of SKUs by store, good customer friendly website (UI/UX), accurate price & promotion information, mobile app based automated picking solution, fully integrated last mile delivery solution to meet delivery time slots & real time tracking of orders, convenient payment options with payment gateway integration, content management system & product management system.

We have already initiated multiple pilots to see which models work best and expect to scale up accordingly in the coming months...


left with no option but to add online channel to their offline operations in a bid to reach as many customers as possible, and quickly. Omni-channel retailing creates benefits for consumers and opportunities for retailers. For consumers, it empowers connected consumers by making it easier for them to access information and compare product details; by increasing choice; and by increasing convenience and the range of options for shopping. For Retailers, Omni-channel creates opportunities, ranging from potential extension of sales and increasing brand awareness and loyalty. Finally Technology allows us to connect a lot better with our customers and to take a true Omni-channel approach to meet their ever-changing needs.

A poorly executed omni-channel or personalization strategy, however, can do more harm than good. Handling one or two channels discretely but satisfying expectations is better than disappointing your consumers when you fail to deliver added value — or worse still, confuse or frustrate — while tackling all channels. Personalization can be even more dangerous because of very real risks that your brand can be given the dreaded "creepy" label.

To be successful at delivering a personalized experience in Omni-channel marketplace, adaptive content is a requirement. It is content that is designed for both personalization and delivery across many channels.

Strategy for Omni-Channel: Retail Adaptation:

- ▶ Retailers need to promote a culture across the organization that embraces Omni-channel retailing.
- ▶ Retailers should incentivize staff for sales that happen in their stores, and attribute costs and revenues on this basis, rather than by channel.
- ▶ Retailers need to be prepared to align their entire operations with Omni-channel retailing.
- ▶ Over time retailers may need to move to an integrated IT platform from where all channels are run.

Given the changing and challenging retail landscape, the critical thing is to leverage these multiple platforms of consumer engagement in a holistic manner and create an overall engaging and enriching experience for the consumer. 

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