

Harnessing tech to sustain the brick and mortar store

Online shopping has never been easier or more intuitive. You're at work or laying in bed, and with a simple click of the mouse you can book a dream vacation or the latest curved smart television, or your weekly groceries can be delivered to your doorstep. And even better, most often the online shopping experience just gets your preferences right.



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Leon Coetzer, COO of RedPanda Software, says: "Today, consumers have the upper hand when it comes to the experience they demand in-store. Brick and mortar stores are starting to respond to changing consumer behaviour by tying the in-store and online shopping experience into one connected experience."

Mastercard SpendingPulse's [latest retail sales figures](#) show that the December 2017 holiday sales in the US increased 4.9%. This is the largest year-over-year increase and most dollars spent by consumers since 2011. South Africa is in the midst of a worldwide evolution, with US online retail figures leaping 18.1% at the end of 2017 compared to 2016.

The evolution of physical retail

"This paints an interesting picture of where consumer spending is heading and the direction brick and mortar stores need to take to attract new customers and win the loyalty of existing customers," says Coetzer.

South African brick and mortar retailers seem to be aware of this trend, as the most recent [PWC Total Retail Survey 2017](#) canvassed over 24,471 respondents across six continents and put South Africans on par with US mobile and online spending habits. The survey further revealed that 38% of South Africans, compared to 45% Americans start their product searches online, while 32% of South Africans and Americans buy products at least monthly via a smartphone.

"In the face of this trend, there are some traditional brick and mortar stores that are really pushing the envelope in customer experiences and have successfully adapted to shifting consumer preferences using e-commerce capabilities, mobile applications and the Internet of Things (IoT)," adds Coetzer.



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New set of challenges

“In the past, retailing was a relatively simple business - you selected the right product range, bought the selected products at the lowest possible price and at the right quantities, merchandised the products in your stores, managed stock availability with supply chain efficiency and marketing efforts, and at the end of the retail cycle you exited old lines with minimal cannibalisation. Simple.”

Today, however, retailers are faced with different challenges.

Retailers need an integrated technology platform to streamline processes, such as stock count, temperature or lighting regulation and to intimately know and predict consumer behaviour with data analysis to push personalised promotions through mobile.

“The brick and mortar retail industry is probably the most cut-throat industry when it comes to engaging consumer spending, but a decade ago Amazon had successfully figured out how to personalise a customer’s experience by tracking spending behaviour,” says Coetzer.

“If you can pull this principle through to a large grocery chain, you have a profitable retailer offering their customers an intimate experience. The PWC survey also found that more than a third of retailers are struggling to implement a customer experience strategy, with a further third indicating that they are aware of the importance of improving their strategy.”



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Leveraging IoT and big data

Coetzer lists a few areas where South African retailers are beginning to leverage the many promises of IoT and big data:

Enhancing customer experience, building loyalty: Retailers have identified customer experience as the key to building brand loyalty and winning share of wallet. To harness customer data, turning it into accurate customer profiles, and using it to communicate more targeted promotions and discounts, retailers need one integrated data platform so they don’t have 20 versions of the truth.

Monitoring inventory, reducing waste: While the customer is receiving personalised offers sent directly to them, one of the biggest concerns for retailers is tracking inventory to keep stock levels up at a cost-efficient level, and in real time. By implementing an ecosystem of connected devices harnessing IoT that constantly monitors stock levels and inventory, today’s retailers can eliminate waste and boost revenues.

Optimising asset management: Through a well-implemented and consolidated network of connected devices, companies can better manage and optimise their key assets and equipment. For example, smart sensors can begin to pick up key trends, and allow retailers to become proactive and pre-empt possible system or hardware failures or glitches.

Boosting productivity and engagement: As many brick and mortar stores are closing down, and as a result, are laying off thousands of employees, it is important to remember that great, knowledgeable and loyal staff are worth their weight in gold. It can be the difference between profitability and failure. It is important to harness compelling data to track employees and monitor their performance to identify a problem before it influences employee performance and the customer experience.

“Retail stores 100 years ago knew their regular customers, down to their clothing sizes and family members. However, the massive scale of today's retailers makes it impossible to know your customers. Being able to now analyse the data, IoT has the capacity to bring these valuable customer insights to brick and mortar companies. It is finally replicating at least some part of the personalised experience of a century ago. Now it's up to retail companies to implement a simple and customisable integrated technology platform to leapfrog business forward,” concludes Coetzer.

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