

Retailers turn to digital innovation to enrich customer experience

By [Chantel Troskie](#)

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As the holiday shopping rush gets into full swing, South African retailers are increasingly looking to technology that they can use to improve their operations, better understand and engage with their customers - using both off- and online channels - and set themselves apart from the competition.



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While the industry has relied heavily on big seasonal sales to drive revenue and profitability over the course of the year, changing consumer behaviour and buying patterns means retailers are having to explore alternative methods convincing customers to buy their products and services.

This is especially true of millennials who are bombarded constantly by a variety of online advertising and emails with promotional offers or discount coupons, and have several online stores to choose from. In an era of instant gratification, they are not going to wait for a sale when they can get what they are looking for from a competitor's site for less, and sooner. Add to this the regular occurrence of local online stores crashing due to high traffic volumes on these sale days, such as Black Friday recently.

On a positive note, a research report titled "[Can Virtual Experiences Replace Reality?](#)" ranks South African brands as being the most confident in their ability to spot new trends in customer behaviour ahead of their counterparts from the UK, France and the Netherlands. Spotting trends and capitalising on them are two different things however, and this is where retailers are turning to innovative technologies to make the difference.

Engaging digital experiences

Mobile [surpassed the desktop](#) with 51.3% of digital traffic worldwide in 2016, and retailers need to have a comprehensive digital presence in order to stay relevant. This is especially the case in developing markets, including in Africa, where mobile devices are their primary means of access to the internet.

While online retail in South African has grown steadily over the years, with most retailers having created an online presence, the key challenges that remain include mobile friendliness and a lack of customisation of the online customer experience.

Customers are doing more research online before making a purchasing decision, even while in store, and brands need to ensure that they are able to capitalise on this initial interest. Apart from more information on products or services, a brand's website or application should also give users the ability to engage in real-time conversations to resolve any queries and further persuade the customer to buy.

While the majority of South African retailers who provide this online engagement layer have traditionally used solutions such as WebRTC - with a human operator at the other end - to drive online conversation, the adoption of intelligent chatbots is set to shake up the landscape. This not only includes chatbots for customer service, but also to drive sales.

The report reveals that the use of emerging technologies is set to surge by 2020, with 80% of brands expected to serve customers through chatbots and 78% to provide customer experiences through virtual reality. The same research ranks South African companies last however for the adoption of chatbots (with only 30% of respondents using them) suggesting that there is plenty of room for growth in this area.

Increased personalisation

While South African retailers are sitting on huge volumes of data about their customers, many are still not sure what to make of it all. Thankfully, improvements in connectivity and advances in cloud computing mean that they can now turn to technologies such as artificial intelligence to learn more about their customers, and quickly identify shifting industry trends.

With the right algorithms, customers are presented with better product recommendations, which take into account their buying history and spending patterns. By considering unique tastes and preferences, customers are shown products that they are more likely to be interested in, while the retailer stands to benefit from increased sales.

Armed with this data, retailers can also overhaul the way in which they manage their sales and promotions: rather than a one-size fits all, they can provide different levels of savings, promotions that are exclusive to actively engaged shoppers and even event invitations for VIP loyalty members.

Even email marketing can be transformed from a blanket approach that sends out the same discount coupons to a company's entire customer database, to one where data and AI is used to provide highly-personalised offers to customers that will result in a higher chance of a sale being made.

A smarter in-store experience

Traditional brick and mortar stores are not going disappear anytime, and taking an omni-channel approach means that they still have a role to play for retailers - they will just have to change the way in which they operate, by offering an in-store experience that cannot be replicated online.

Brands can use smart stores to meld the digital and physical world, enabling shoppers to browse and buy online, but then pick up their purchases in store. Shoppers can be linked to their online profiles through technologies such as bluetooth or near-field communications, and have personalised offers or loyalty rewards instantly sent to them.

This is one area where South African retailers are lagging behind; while local efforts have primarily focused on loyalty cards and online shopping experiences, one of the large local retail outlets has been looking at a total revamp of its in-store shopping experience. Once one brand takes the plunge and provides customers with a full in-store experience – likely only by 2020 – the others will have to follow in order to remain competitive.

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