Are retailers using tech correctly?

By Sebastian Isaac   25 Sep 2018

The digital shift in retail does not refer only to the notion that customers will one day forgo physical stores and shop exclusively online. Rather in the digital age, it interrogates how brick-and-mortar retailers are incorporating technology into their daily operations to encourage a digital shopping experience for customers - while enhancing their own operations in the process.

For years retailers have watched as consumers swapped their hardcover books out for online diaries, forgone their TV sets in favour of watching cat videos on their cell phones, stopped buying CDs - or even downloading music - and opted to stream songs instead.

Source: pixabay.com

In retail, a new trend is emerging

The past three years have seen increases in weekly bricks-and-mortar shoppers, from 40% in 2015 to 44% in 2018, according to the 2018 PwC Consumer Insights Survey. As the report indicates, consumers are increasingly seeing shopping as a sensory and social experience, rather than a straightforward errand.

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Instead of using these statistics as an indication that consumers will soon return to physical stores and forgo online shopping altogether, retailers should use technology to give their customers the best of both worlds – the touch and feel experience of walking into a physical store, while transforming the environment digitally in a way that allows customers to feel as though they've walked into the future of retail shopping.

Digitising the in-store experience

Retailers are already using technology to personalise the customer's in-store experience. An Asia-based IT company told CNBC that many US retailers are using facial recognition technology to collect intelligence about customers as they shop. This allows brick-and-mortar retailers to really get to know their customers – how many people are coming in, their age,

ethnicity, gender - and use this data to recreate the store environment, market accordingly, etc.

Currently, there is the talk of facial recognition technology being used in the South African retail space to aid security and identify known shoplifters – a huge benefit, indeed. But local retailers could take the value of this technology a step further by not only mirroring the example above but also by digitally linking the facial recognition technology installed in surveillance cameras to digital signage set up in-store.

The camera visuals would indicate, for instance, a larger number of males than females walking into the store over a 10-minute period. It would then enable the automatic change of content displayed on the digital signage to temporarily display advertisements or special deals targeting the specific demographic. This can be changed at regular intervals at a rate set up by the store owner, with digital content signage changed automatically and according to the intelligence derived from the cameras.

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This offers the shop owner the opportunity to amplify promotion around the products they'd most like to sell, while the customer is made to feel as though they are in the right place at the right time because they just uncovered a great deal.

Improving back-end operations using technology

In addition to improving security and adding marketing options for store owners, surveillance cameras can also be used to improve efficiency on the back-end.

By installing the correct technology and placing the cameras strategically so they face the direction of the stock on the shelves, the cameras will be able to pick up where the stock on a certain shelf is depleted, finished or empty. It can then automatically send an alert to the shop owner to check the store's ERP system or inventory management system to see if there is stock – and they can then replenish the shelf accordingly.

There are also systems that will automatically detect that there is a shortage of stock and place the order for more stock automatically. In this process, the system will alert the shop owner or merchandiser to the fact that it has picked up a stock shortage, placed an order with shop 'X' for 'Y' amounts of stock, and then confirm the time and date that the order will arrive.

This not only automates the process of maintaining store stock - thereby ensuring efficiency - but it also saves the store some money because they remove the threat of going long periods of time without the stock on their shelves.

Conclusion

The opportunity to completely digitise the retail experience for store owners is one that is easily accessible to South African retailers. The misconception, however, is that this type of technology is bought. Rather, it is a service that is outsourced to an IT company.

Increased efficiency, enhanced security, improved cost-saving measures. Using technology correctly can inspire all these things and more – and will ultimately result in happier customers, happy business owners and happier staff.

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