

Digital dynamism: A new world of retail opportunities

By  Garth Meier

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Like their international counterparts, South African retailers would traditionally run specials where discounts or 'two for the price of one' offers are given for a period of between a few days and a few weeks, normally relating to a particular season or event - like the oncoming winter, or Valentines Day approaching, or an oversupply in certain fresh produce - with the goal to attract bursts of retail activity, accelerate stock turnover, and to clear unwanted inventory.



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But these cyclical, long lead-time strategies are soon to be a relic of the past. We're now on the cusp of an era where retailers will dynamically adjust prices in real-time, dynamically reconfigure and personalise loyalty programmes, and dynamically adjust their supply-chain operations to handle new customer demand.

The common thread, as you may have noticed, is 'dynamism'. Physical retailers are rapidly extending into a multi-channel world, increasingly integrating the experiences and finding ways to leverage the strengths of each channel, getting them to work in harmony. This digital integration is opening up a new world of retail opportunities.

Dynamic pricing

With online price-check services and the ease of buying similar products from anywhere in the world, the digital era brings an increased scrutiny on retailers. By using systems that continually scan competitors' digital stores, a retailer will be able to dynamically set prices to always under-cut their peers.

Dynamic pricing engines also incorporate more subtle factors like price elasticity modules, KVI modules (the extent to which a product affects overall consumer price perception of the retailer) and omni-channel modules (to coordinate pricing across each touch point).

Dynamically optimise perishable inventory

Almost every kind of retail player has to deal with the concept of perishable inventory. It may be the last remaining seats on a plane flight, the fresh food or bakery products that need to be sold before the end of the day, the excess fuel that refineries produce, or electronics goods that slowly depreciate in value.

By using analytics to better understand these margins, retailers can eliminate waste and reduce working capital by sourcing the right quantities of goods at the right time. Here, dynamic pricing can also be smartly used to trim down perishable inventory as far as possible.

Dynamism in loyalty programmes

As retailers build richer datasets about their customers, the algorithms that govern loyalty programmes can become far more personalised and reactive to the real-time demands of both the customer and the store. So, if a consumer indicates an interest in getting fit and starts buying numerous sports and athletic goods, the retailer can integrate fitness into her personalised loyalty programme.

On the other hand, if a retailer is struggling to move a large quantity of electric fans, as the summer months fade, they can be rapidly incorporated into many customers' loyalty programmes to boost sales and overcome the perishable inventory problem outlined above.



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Dynamic marketing

Retailers are quickly shifting from the mass advertising published in the Sunday papers, towards more digitised, more personalised, and definitely more dynamic marketing. Tomorrow's winning retailers will take advantage of increasingly sophisticated algorithms and predictive modelling that ingests transactional data, loyalty programme data, as well as digital media trends (such as the hottest topics on social media).

Dynamism in the check-out

The actual point-of-purchase is one of the most defining moments in any retail experience. It's normally the final engagement that you have with the store and its staff, and it tends to leave a lasting impression. It's here that digital can help to reduce friction, with new digital capabilities like contactless payments, self-checkout, checkouts by roaming staff armed with tablets or smartphones.

In fact, the digital revolution has made the checkout experience far more dynamic than that. Now, the point of purchase has been diffused across a myriad of online and mobile touch points, payment gateways, and soon even as embedded transactional features within popular social networks.

Emerging fields like cognitive learning and artificial intelligence will only serve to make this 'digital dynamism' more central

to retail executives' strategies in the future. Shoppers will demand ever-higher levels of personalisation, service, choice and security. Catering for all these needs, for every shopper that engages with the retailer across every touch point, will make the retail game an extremely dynamic one in the years to come.

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