

How to use tech to drive innovation in traditional retail

By [Sebastian Isaac](#) 6 Sep 2018

For years, the threat of online shopping to brick-and-mortar has dominated the conversation in retail. The 2010s saw technological devices become more savvy and with that, buying things online became as easy as sending a text message.



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In 2014, a PwC [Global Consumer Insights Survey](#) revealed only 36% of consumers shopped at brick-and-mortar at least weekly. But since then, weekly brick-and-mortar shoppers have increased to 44% in 2018, while purchases made by personal computer (PC) fell to 20% in 2018.

This illustrates that e-commerce hasn't instigated the end of brick-and-mortar – yet. However, that is not to say that digital isn't playing a big part in consumer habits. The 2018 Global Consumer Survey conducted by PwC revealed that 37% of consumers look to social media for inspiration before shopping – making it the most influential medium for retail customers. Individual retailer websites were named second on the list at 34%.

Digitisation in retail

It is therefore clear that while the brick-and-mortar faithful is going strong and consumers are choosing to touch and feel their products rather than hoping for the best by buying online, traditional retail still needs a very direct online approach in order to remain relevant.

Online retailers predominantly make use of digital marketing tools like programmatic advertising, paid social media posts and Google search to promote their brand awareness – and judging by the rise of online stores like Amazon, Superbalist and Takealot.com, this is working.

Brick-and-mortar retailers could, very well, use similar tactics to drive internet traffic to their websites, but, if the trend highlighted in the PwC report is anything to go by, it is unlikely that will translate into sales.

Therefore rather than mimicking what online retailers are doing, brick-and-mortar retailers must use digital

refresh their approach to marketing, in-house operations and back-end management; and ultimately stay relevant.



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Technology in retail must evolve with the times

As technology advances, so too must the retail experience. Traditionally, retail outlets – like a supermarket chain, for instance - would use television, radio and print media to advertise their products and services.

The chain would pay for an advert to appear during a popular television programme and hope that at least half of the audience watching that programme actually stuck around to watch the adverts. It would then be praying that at least half of that percentage was swayed enough to go to the store and buy the advertised products. It was very much a ‘spray and pray’ situation.

Now, stores can use predictive analytics systems to gain intelligence and help them understand the past – i.e., why are these products selling better than those? Why were people not interested in this particular product, even though it was positioned strategically?

The data retrieved from this intelligence can then be used to predict the future. In other words, organisations can use predictive analytic systems to use historical data to predict what will happen in the future. In the case of retailers, they can understand what their customers’ buying habits are to gain insight into what their customers want, then tailor their marketing and in-store approaches accordingly.

Using what you already have

The intelligence discussed above does not require retailers to go out and purchase new products. They can tap into the technology that already exists, like surveillance systems or inventory management systems that are generally found in most retail stores. Information can be extrapolated from the data collected by these systems and used to improve the retail experience for customers.

Already, retailers are using existing systems to innovate their approach to marketing. In the case of the supermarket chain, most are recording what their customers are buying each time the customer swipes the loyalty card. They can deduce which customers are buying what, which products are selling better than others, etc., and then try to understand why based on the statistical data. From there, they use the data to send strategic messages via email or SMS that indicates specials to the customers they’ve discovered would be most interested in those products, based on their buying history.



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But retailers can take this a step further to digitise and personalise the customer’s in-store experience. For example, some retailers in the US use gender-based recognition to link personalised content to their digital signage. I.e. if the camera picks up that a man is walking through the shop doors, the digital signage

automatically changes to display the appropriate content available in that particular store – a men’s deodorant, for instance. It would then do the same thing if a woman were to walk through the store, and so on.

Another example is if the local supermarket sees that certain products are sold well at a particular time of day – like bread and milk is often a top seller after work hours on weekdays. The digital signage should automatically change to display advertisements on those popular products at that time on those days in order to push sales and encourage a higher percentage hit.

The sooner digitisation becomes a reality in retail, the better

I do not think online is a threat to traditional retail yet – especially in South Africa, but in order to remain relevant, brick-and-mortar retailers should be using the digital tools that are attracting people to online in the first place, and applying it to benefit their traditional businesses.

By incorporating digital solutions to personalise the retail experience for consumers, retailers will benefit from targeting the customers interested in the products they are selling, as well as improving the in-store experience for customers.

And that is just the beginning of what digital can do in the retail space.

ABOUT THE AUTHOR

Sebastian Isaac, Business Development Manager at Rectron.

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