How to manage sustainable omnichannel growth in retail

By Mark Thomson

In today's consumer landscape, customers can shop from anywhere at any time. The proliferation of technology-driven purchasing means retailers are expected to keep up with the always-connected, digital-savvy shoppers. This demographic expects seamless and rapid purchasing 24/7 - as well as delivery within a two-hour window.

Pressure is mounting on all retailers to provide an excellent customer experience, every time. Consumers are increasingly channel-blind – they just want a good shopping experience. At the heart of solving this challenge is providing omnichannel retail. Put simply, omnichannel is defined as an approach to sales that aligns in-store, online and digital logistics and platforms. This, in turn, provides consumers and businesses with a fully-integrated experience.

Omnichannel has long topped the list of things to implement to keep up among the big players in retail; yet it is still to be adopted by some retailers in South Africa. This must change as customers want a more personalized experience. With the ever-evolving technology landscape, one size fits all planning strategies must be thrown out and replaced with an agile, flexible approach.

What is the technology set to drive retail demands now and in the future?

The technology driving omnichannel

One key technology here is the Internet of Things (IoT). Retailers are investing in IoT technologies to drive omnichannel. They are embracing IoT platforms wholeheartedly with a view to transform real-time, visibility-driven data throughout the supply chain into actionable insights.

IoT has the power to transform how we shop. In today's omnichannel world, product availability is critical, and many retailers have in-store inventory visibility challenges. Technological advancements in areas such as machine vision, radio frequency identification (RFID) and data analytics – underpinned by IoT – are enabling more advanced operational visibility by allowing retail inventory to be "seen" and connected by both staff and consumers alike.

At the heart of IoT lies the importance of mobile devices. These are becoming vital to consumer interaction, as companies can personalize the way they do business. Enterprises can build profiles around their customers about how they have done business with them in the past: profiles that provide insights into their ongoing customer relationships.

In retail, IoT can bring this personalized, customer mobile experience to life in omnichannel operations. Based on customer activity, retailers can find out when their customers enter a store if they opt-in online, connect them to staff best suited to assist, locate them in the actual store, or send notifications when they arrive to pick up a product ordered online, among many other useful applications.

It's all interconnected: shoppers may start out by contacting the retailer via phone and then end up in the store or communicating via chat, e-mail or social media. In summary, omnichannel brings all these lines of communication together for a more seamless customer experience, ultimately driving sales.

The shift to IoT technologies is an industry imperative in South Africa to keep step with the shopping habits and expectations of consumers reshaped by the tech revolution that's still unfurling.

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The important role of RFID

In addition to IoT technology, RFID plays a key role in omnichannel retail. After being implemented by retailers in fits and starts since the dawn of the Millennial, RFID's time has come. In what has been called the next generation of the barcode that was long cost prohibitive, RFID platforms have dropped in price, achieved wider global standardization and as result, retail adoption has soared.

But the bigger impetus for retail implementation is the RFID's potential return on investment. As an industry, retail inventory accuracy is around 65%. By contrast, RFID platforms can boost inventory accuracy to 95%, while out-of-stocks can be reduced by 60-80% with item-level RFID tagging.

Other payoffs for retailers include reduced inventory-related costs. What is more, item-level RFID has generated increases in the number of sale items per transaction by as much as 19%.

Omnichannel delivery can be expensive. If inventory data is not accurate, orders may be filled hundreds of miles away, when they could be processed locally. Therefore, it is savvy to know the closest source of ordered goods. RFID enables retailers to slash the inventory buffer they typically use to ensure they really have items available for sale.

RFID can also assist retailers with another important activity: returns. This technology drives returns processing, including classifying inventory and shipping it to the proper warehouse or store. RFID can help avoid service counters being filled with unsold inventory that is drastically marked down or donated at seasons' end.

In the coming years, I can expect to see a more widespread adoption of RFID technologies in the retail industry.

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Omnichannel: What's next?

Today's retailers are citing the integration of e-commerce and in-store experiences, and the fulfillment and delivery of online and in-store purchases, as critical strategic goals.

The makeover of retail operation platforms today is critical to building a holistic view with harmonized, real-time capability. Those who try to cut corners on the required digital tools will find themselves swiftly and brutally left behind.

Due to the ever-continuous, explosive growth and interconnectedness of digital platforms, it will get easier for shoppers to determine those retailers that are not doing enough in this category. Therefore, retailers should prepare to invest in omnichannel in 2018 or risk missing out on sales and customer satisfaction.

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ABOUT MARK THOMSON

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