

5 ways to ensure a more profitable future in retail

By  Pieter Engelbrecht

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It's clear that the retail landscape is in a state of major transformation. Thanks to disruptive technologies and changing consumer behaviour, traditional retailers are under increasing pressure to keep up with digital-first companies such as Amazon, Takealot, Superbalist, etc.



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[A large SA retailer](#) that employs approximately 40,000 people, is implementing a survival plan to ensure it does not close its door, having previously reported to have struggled with making enough profit in the past. The retailer's plan, which will help to up its game, is based on seeking funding and not using technology to up its profits.

The future could look bright for those retailers who are willing to embrace innovation and invest in long-term growth. But how do they need to adapt? And where should they be focusing their spend and resource?



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Here are 5 ways retailers can safeguard their position in an omnichannel world.

1. Bring the shopping experience to life

There's no doubt that the selection pressure on retail businesses is changing, and those that fail to adapt certainly face decline and even extinction. But whilst traditional retail businesses based on brick-and-mortar stores urgently need to

update their business models for the Amazon age, they also need to start recognising the unique advantages their physical locations offer – and then using technology to enhance them.

After all, unlike shopping online, the brick-and-mortar experience is one of true discovery, which can be done with friends, and also offers the possibility of in-person interactions with retail staff. The more retailers can play up these three elements, the more they can win back the hearts and minds of consumers, using the opportunity of in-store interaction to their unique advantage.

2. Break down siloes to connect shopper behaviour online and in-store

If retailers invest properly in infrastructure that breaks down internal siloes, they will be able to offer consumers a truly omnichannel shopping experience.

Until recently, there was no connection between what a shopper bought or looked at online and their behaviour in-store. But knowing who the customer is, where they are, and their preferences is critical. To do this, retailers are using analytics, location, and context, and seeing rising sales as a result.

By aligning back-end operations with front-end customer service, and using technology at every step of the supply chain, the retail industry will start to get a single, multi-channel view of its omnichannel customers. This is exactly what it needs to offer the seamless, streamlined experience that consumers now demand.



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3. Gather deeper insight into stock and inventory

Tied to the above point, part of developing insight into a customer's in-store behaviour includes collecting data around stock and inventory. At present, the structure of many retailers fails to live up to the needs of modern customers. Stock is typically siloed, and allocated to different pools that serve the physical shop, ecommerce, pop-ups, and wholesale. But this kind of approach is no longer fit for purpose in an omnichannel world.

With growing customer demand to access any item through any channel at any time, retailers need to have a precise picture of their inventory 24/7.

To achieve this, and ultimately increase profit margins and retain customers, retailers must improve their data systems and make better use of inventory tracking technology. Investing in technologies such as radio-frequency identification and electronic shelf labels will enable retailers to monitor stock levels in real-time, and ensure they know exactly what they have

in at any given time. Not only will this avoid customer disappointment in out-of-stock items but it maximises efficiencies, saving the retailer time and money in the long-run.

4. Empower employees with technology

If brick-and-mortar retailers are going to overcome the challenges they face, they must be willing to invest both money and time into offering the kind of experience customers have come to expect. Perhaps surprisingly, the focus for this investment starts with employees – more specifically, empowering employees through digital technology and connected workplaces.

After speaking to 900 managers and non-managers in global retailers, and conducting interviews with two industry experts for our report [The Road to Digitalisation in Retailing](#), we found that retail workers using digital workplace technology were not only more productive (72%), but also better able to differentiate their customer offering against the competition (59%).

The benefits of digitisation for employees is clear. But with more than a third of those surveyed saying retail has been slow to implement workplace technology compared to other industries, retailers must make this more of a priority. To thrive, they must focus on technology at the edge of the network – in the physical locations that staff and shoppers are most likely to interact, and then provide staff with the connected digital tools that allow them to deliver a more personalised service to every customer.



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5. Think differently about success and ROI (long-term investments vs. short-term gains)

After years of focusing only on spend that brings immediate results, retailers are having to accept the need for long-term investments in both systems and people. Because unless they conduct a full overhaul of their legacy infrastructure and bridge the skills gap by outsourcing the right talent, they stand little chance of navigating digital transformation successfully.

Rather than mothballing any project that doesn't deliver instant gains, the industry needs to find new ways of measuring success over longer periods of time. Once retailers get comfortable with this, they can start to focus on building smart digital workplaces – spaces that connect back-end employees with those on the shop floor and provide them all with the tools and flexibility to do their jobs properly.

For retailers, the present can sometimes seem bleak, but the future doesn't need to be. If, that is, technology is embraced and integrated in a way that empowers employees, serves customers and improves the bottom line, and retailers prepare to hold out for longer-term results.

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Pieter Engelbrecht is the business unit manager at Aruba, a Hewlett Packard enterprise company.

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