

The impact of digital transformation on the retailing value chain



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group



DIGITAL TRANSFORMATION IN RETAIL

Retailing has become an important aspect in modern human civilization. Every basic commodity needed for human survival comes from different **retail chains**. With our means growing, we have started investing in various things to satisfy our wants. All these human wants and requirements have been the basis of a **thriving retail industry**.

With **digital strategy** and **transformation** on the rapid rise, everyone prefers to switch towards digitization owing to the convenience and efficiency offered. The retail industry is no exception. Retailers want to provide their consumers with the best services possible, thus preferring to opt for **internet-based retailing**.

A new breakthrough

Digital transformation occurring in the retail sector can be thought of as a perfect example of a **disruptive technology**. It has been making ground-breaking successes among both retailers as well as consumers by revolutionizing the entire journey of the **retail value chain** and hence changing the methods of operating the industry.

For quite some time now, well-established retailers have been trying to experiment with multiple ways to bring about **customer efficiency** and satisfaction. Their goal has been centred on evolving the retail experience by shifting towards **automation** of several different traditional methods and processes

At the same time, new entrants of the online disruptions have brought a whole new paradigm in retail spaces with the advent of *digital retail marketplaces*. These are the virtual counterparts to the multi-brand outlets as they offer a cohesive **diffusion of branded-product platforms**. Such one-stop destinations are important tools for **customer value-creation** in today's internet-connected world. They offer innovative ways to promote direct-selling to the consumers by showcasing multiple options on a single platform. This offers consumers a healthy variety for comparisons and thereby makes the best-suited choice.

Blurring of the physical and virtual worlds

With people having jam-packed and time-bound schedules, it is sometimes very difficult to make a physical visit to a mall, shop or any other retail outlet. Moreover, one particular shop/outlet cannot offer much product variety and options. A business has to deal with the **consumers' evolving needs** and a massive **demographic change** in the consumer base today, with high expectations of a new generation that has grown up on internet. It further poses a challenge to the conventional retailing procedures and techniques. Keeping all this in mind, **digital transformation** is inevitable for a retail business to thrive.

On the contrary, some consumers will always prefer to enjoy the look and feel of not only the products being purchased, but also the ambience of physical retail shops. So, a business has to keep both kinds of audiences in mind while bringing about **technology evolution** with different solutions and innovations, both for online as well as **stationary retailing**.

DIGITAL TRANSFORMATION

Before

After



Consequently, multiple brands have started offering digital services in addition to the traditional **store shelf** experience to display their products. While some have completely digitized themselves, others offer both in-store as well as online **retail transaction** options. Even **in-store retailing** has started implementing various digital **engagement and experience programs** to develop a better **customer interface**.

The objective of **digital transition** is to not let the customers feel any big difference during their retail encounters in both the online and offline models. The vision of the digitization experts is to create a very fine line between in-store and **online retail platforms** for a retail business. This continuity of services engages a seamless omni-channel strategy.

The motivation and the target

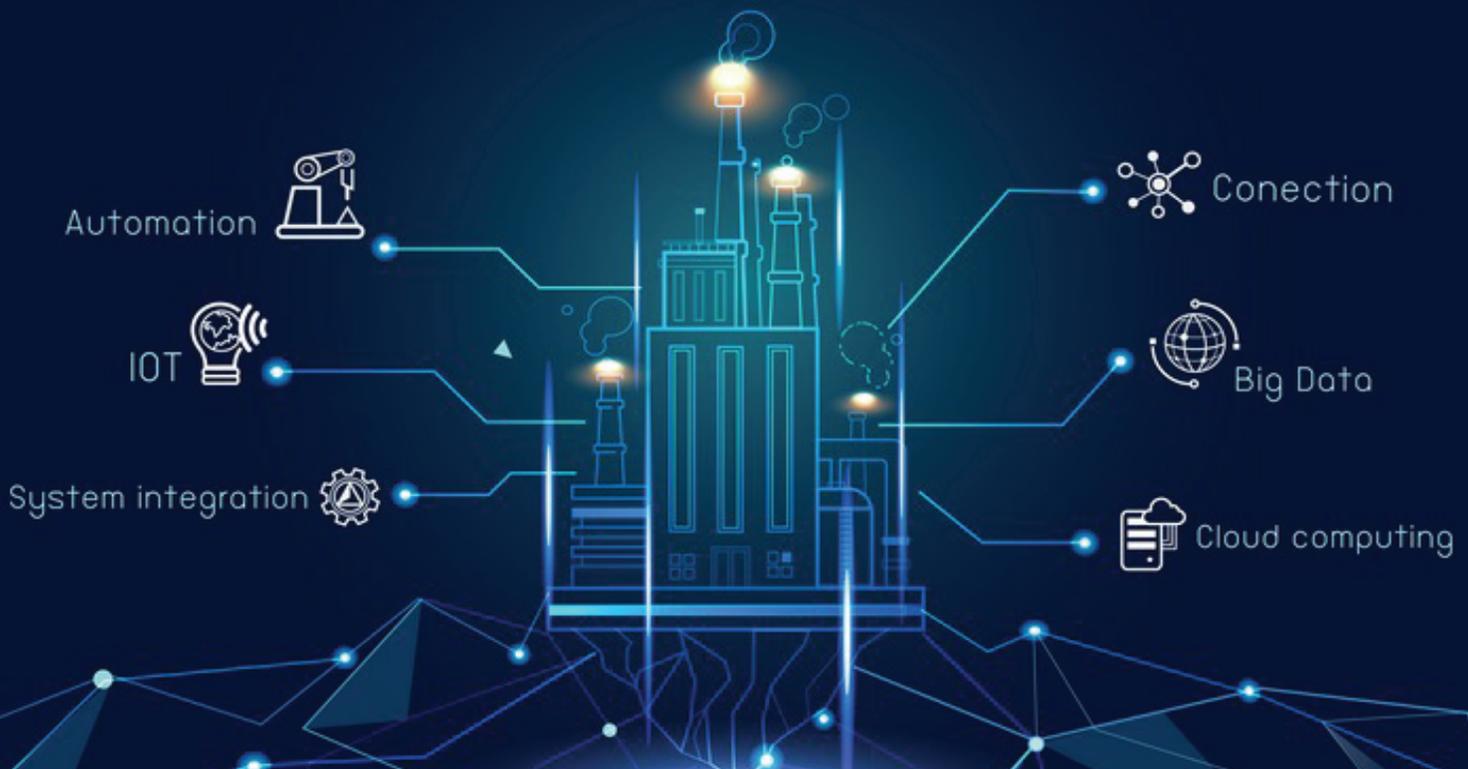
For completely digitally transforming the retail industry, it is very important for these digital transformations to **influence behaviors and preferences** of their customers. This starts with changing the manual processes involved in the individual shopping steps i.e. by **introducing digital tools & channels** in each step involved in a retail transaction. This not only affects the purchasing experience but also the pre (looking for and researching about a desired product, reading reviews, comparing various shops and stores, etc.) and the post (writing reviews, spreading by word of mouth, future purchases, etc.) shopping episodes.

Self-service is another field in the retail sector that definitely benefits from influencing and thereby modifying customer behaviour. Certain **consumer mindset** does not entail serving oneself - be it for self-research, self-transaction or any other retail related self purposes. Such people prefer having a personal connect, which means a person present physically to help guide them for a hassle-free retail journey.

However, the aim to **transition towards digitization** involves the minimization of human contact. Therefore, it is essential to engage digitally in a manner that can satisfy their expectations without a sales representative. To be able to tackle this problem, it is vital for businesses and brands to come up with digital tools providing the right information at various touch-points, thus, enabling shoppers to easily find information themselves. In doing so, all participants in the value chain from **brand manufacturers** to retailers will be able to achieve **customer effectiveness**.

IoT is the new revolutionary

INDUSTRY 4.0



Internet of Things, more commonly referred to as IoT has a wide array of applications in the retail sector. One area of **IoT applications** is in predicting machine failure or detecting other issues in machines used throughout various processes in the retail chain. For example, in grocery stores where refrigeration is mandatory for perishable products, sensors help regulate temperature and also detect any problems/issues occurring in the functioning of the refrigerator. On the other hand, predictive maintenance offered via IoT helps foresee any anomalies that might result in extra power consumption etc.

IoT is also being utilized while transporting different goods and products as it can extensively help track and optimize the route taken during transportation. IoT can even greatly affect consumers' **purchase decisions**. Effective **personalized communication** and offers can be given to loyal customers by learning about their behaviour through their in-store and online purchases. For example, sensors and cameras, linked to customers' phones can be fitted throughout a store that can capture consumer behaviour and thus, help customize a different shopping experience for each person based on their shopping route and stops inside a mall/outlet.

Immersive engagement with the leveraging of AR/VR

Augmented Reality has boosted retail digitization to a great extent by applying immersive **customer engagement**. Time and again studies have proven that a consumer is more likely to purchase those products whose appearance he/she can visualize in real life. For example, pictures of clothes being sold on the internet go through a massive series of editing. This means that what the outfit looks like on a model in a photograph might not look the same on you. For this very reason, AR has been gaining immense popularity among consumers and retailers. AR lets the consumers see how a particular dress might look and fit on them, resulting in an increase in sure-shot sales. This keeps both the retailers and the consumers highly satisfied, making it a win-win situation for all.

AR/VR lets one visualize not only individually preferred items like clothes but also big-ticket items like pieces of furniture. One can easily use applications supporting augmented and visual reality to be able to envision how a particular furnishing/fitting would look like in a certain area of the house/office. Using this technology, an interior decor retailer can create an unparalleled shopping experience, increasing sales and conversion.

Supporting technologies that grow with business expansion

With the availability of cloud technologies, there are several software **platforms** that are being designed to enhance the capabilities of retail businesses, across all points of the retail value chain. These platforms provide smart solutions that are designed to keep smart retailing with the customer as the pivot for **business transformation**. **Cloud-based approach** allows both SMB's and large enterprises to create applications quickly and in a cost-effective manner. It is possible to experiment with a small pilot and get quick feedback of such a signature investment. These applications are easily scalable and hence can grow with the demands of a business, without having to invest initially in heavy-duty software development cost.



Every retail system has its own specific needs and hence customization is needed to augment their business processes. **Techminds** has a rich experience in creating **custom state-of-the-art solutions** for retail companies across a plethora of products. With **technical expertise** and a deep know-how of the needs of the **retailing industry**, our solutions use the latest tools and technologies to help retail houses gain a competitive edge, whether in experimentation or large-scale software development.