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Applying Thought

Enriching In-Store Experience with Analytics

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Fighting to Stay Relevant

The proliferation of online shopping has *significantly* altered the retail landscape. While the physical store continues to exist - and even thrive in many cases - the risk of turning irrelevant remains. Millennials - who will constitute a significant percentage of the consumer population in the future - prefer the convenience of online and mobile shopping. When they occasionally do step into the store, it is more likely to experience the product than complete a purchase.

Smart retailers know that the only way to survive the onslaught of multiple channels is to reinvent the store by offering a personalized experience that extends beyond what a consumer gets online. This calls for collection and analysis of consumer and transactional data. It is not just online retailers who are sitting on huge data mounds. Physical stores operating in digitized environments have access to rich shopper data too: POS systems, loyalty programs, surveillance cameras, and facial recognition systems. They must leverage this data by performing analytics and use the insights gained to improve the store experience in terms of ease of shopping, stock availability and meeting consumer preferences.

Making Shopping a Pleasure

Retailers must leverage the POS data in a more granular manner than before. Item sales patterns by day of the week and hour of the day can provide rich insight into hourly and daily trends. In an industry like retail grocery for example where shelf life is paramount, these trends at a store level can directly influence item assortment and quantities within a (distribution-center to store) replenishment run.

Stores can also overlay POS and syndicated data. For example, store scans from POS can be studied alongside data on consumer demographics. This would help identify in-demand products and create better in-store assortments. It can also be used for optimizing the planogram by deciding the number of facings a product should have and its right inventory level. Analytics can enable stores to not only stock the right products, but also to effectively place, price and promote them.

Retailers can work towards delighting the consumer by enhancing the quality of the shopping experience. When a store shopper voluntarily identifies herself, the store associate should be able to pull up past purchase history and aid her with the shopping process, helping locate products, familiarizing her with new variations, and suggesting new products. In a study of consumers in the US, 66 percent of consumers said that they are more likely to shop in a store where they receive personal suggestions while shopping[1].

One of the biggest challenges faced by retailers today is the limited understanding of consumer behavior while she walks along the store aisles. Is she really stopping by the new promotional display that just came up the previous day? What attributes of the product catch her eye as she touches it for the first time? Does she seek information from other sources while in the store? Technology today, within the realm of maintaining consumer privacy, can aid in providing aggregated consumer behavior and help identify weak points in the shopping experience.

Retailers can tackle showrooming by using tracking and analytics to determine vulnerable products and staff more store associates in these aisles to personally cater to consumers. These associates can point out the advantages of buying from the store such as the ability to pick products off the shelf and the absence of shipping costs. Retailers can thus work towards making the store tailored for an individual consumer experience.

The Store of the Future

As new technological innovations hit the market, retailers can further enhance the in-store shopping experience. Advanced video analytics providing aggregate analyses of store footfalls, parking lot information and physical characteristics of store visitors can optimize product assortments. Current challenges with the use of GPS and Wi-Fi may trigger a wider adoption of new Bluetooth Low Energy (BLE) protocol (Apple's iBeacon, the intelligent micro location platform, uses this new protocol. With a range of about 84,000 sq feet, the iBeacon is ideal for retail and can be used to offer personalized shopping experiences to in-store visitors[2].) Smart mannequins with inbuilt cameras can help analyze consumers' physical characteristics that could be used to build visitor profiles.

It is worth reinforcing that the retailers must not go overboard in their data collection quest. They must be mindful of privacy concerns that consumers have and must collect data only after receiving explicit consumer approval.

To Click or To Brick?

There are hardly any widespread signs of the demise of the physical store. 8 out of 10 Americans are more likely to shop in a store that offered a customized shopping experience overall[3]. The key to remaining relevant therefore is to provide a unique shopping experience tailored for an individual consumer. And technology, especially one that converges data from multiple sources, has a significant role to play.

[1] *http://www.prnewswire.com/news-releases/us-retail-survey-shows-75-of-consumers-prefer-customized-in-store-experiences-over-online-shopping-206769001.html*

[2] *http://www.businessweek.com/articles/2013-10-24/apples-location-tracking-ibeacon-poised-for-retail-sales-use*

[3] *http://www.prnewswire.com/news-releases/us-retail-survey-shows-75-of-consumers-prefer-customized-in-store-experiences-over-online-shopping-206769001.html*

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