

Retail Market Outlook - A Paradigm Shift in Shopper Preferences

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Unprecedented Times, Limitless Opportunities

In no uncertain terms, we can say that the world around us is getting re-calibrated by the COVID-19 pandemic. Brands are in the midst of unprecedented and challenging times. The Retail Industry is at the forefront of this metamorphosis. COVID-19 has completely disrupted supply chains, production capacity, store operability, associate well-being and customer convenience. Retailers dealing in essentials are facing empty shelves, non-essential retailers are facing excess stocks.

Whilst the supply from far-east took a hit initially, as workers go back to work to fix the supply issues, demand in high-consumption countries has fallen rapidly and understandably. The immediate scenario will force a transformation towards better planning tools to improve supply chain (less inventory, no stock-outs, quicker selling). The next few quarters will be a test for global economy and trade.

But this too shall pass. With every such challenge, there are a multitude of opportunities that such situations offer. Brands are re-looking at their Plan, Buy, Make, Move, and Sell operations. Retailers are empathizing with their suppliers and ensuring that the workforce is looked after. The relationship between brands and their suppliers would be strengthened. On the brighter side, we are seeing China return to normal supply rapidly. Truly solid supply chains will help brands get through this fast and win. Agility, adaptability and understanding consumer behaviour will be key for companies. As retail stores reopen across the globe, the spike in online sales is driving the cheer on the highstreet. ent – up demand for non-essentials, for example, Cosmetics, Home Improvement (decking, and garden plants) merchandise is creating new destination categories and would have a halo effect on other categories.

Retail Outlook – Evolve & Transform

Brands would focus on 5 key areas to adapt to the New Normal –

- **Drive Cost Savings** - cost savings as an organization wide initiative will gain tremendous traction, regardless of process areas and lines of business
- **Less Touch, Contactless Experiences** – Shoppers and Associates would be at the forefront of the brands' decision making mechanism to provide touchless experiences across stores, backrooms, warehouses, and home / buying offices
- **Automation Everywhere** - With strain on resources, the focus of organization will shift towards automation of systems and processes with an overall objective of gaining efficiency in all activities across the brands lines of business
- **Enterprise Security** – Deep investments in securing the enterprise would be of high significance for C – Level executives
- **Workforce Engagement** – Associates have been at the frontlines to ensure maximum service levels to shoppers. Brands would focus on creating watertight AI based contingency / continuity plans keeping in mind how to enable secure remote working using collaboration tools, AI based shift scheduling for associates (in stores and warehouses), and ensure drivers and delivery personnel are not fatigued

Technology Plans – Ushering in Certainty & Improving Predictability through Innovation

Brands that have made early investments in AI-driven analytics and fulfilment, garnering insights on how to improve KPIs like shelf level inventory visibility, on-time performance and cost to serve, would continue to turn the corner faster.

By mid - 2020, brands would use their well-entrenched supplier relationships, logistics networks and distribution centres to their advantage, connecting infrastructure to efficiently consolidate loads, plan shipments, improvise on allocation to stores, and provide the best experience to shoppers. Brands would bring their technology plans forward that they have put on the backburner. Seamless barcode scanning, Associates equipped with tablet / wearable devices, effective utilisation of gig economy platforms, warehouse / truck loading / delivery bay automation would gather steam. Experts are predicting that investments in Warehouse Automation would see a prudent spike in investments for providing robot based picking, consolidating and packing options.

Brands would expedite investments into touchless orchestration of the order to cash lifecycle (and store functions)—using automation to upgrade or downgrade carrier service levels, keeping customer delivery promises. Stores would continue to improvise. Implementation of Live Commerce / remote shopping at the store would excite brands to forge new partnerships with start-ups. IoT enabled Smart Shelves, Digital Shelf Edges, accelerated AI powered shelf – level replenishment techniques, Omni Channel POS with touchless deployments and upgrades aided with real time application monitoring and alerting mechanisms would underscore the technology rollouts in the stores. Underperforming stores will be under the lens, and refresh programmes for high performing stores would gain velocity.

Focus on improving last mile delivery would pick pace. “Store as a fulfilment centre” will gain prominence, with convenient, touchless options such as “uberized” delivery options, kerbside pickup evolving from being a value-added service to becoming a necessity. Robot / drone based door deliveries that are being experimented by start-ups in places like Milton Keynes would see a fresh wave of interest and adoption by brands. Innovators will create pop-up stores, experience centres for shoppers to engage with the brand in close proximity, take advantage of in-store services and send items straight to home delivery. Demand for same day delivery will continue to gain cadence with shoppers. Brands would emphasize experiences over selection, engagement via social media, in a quest to create high lifetime value brand influencers.

All this leads to an increased engagement of the shopper with the brand, and she stands to gain from the technology benefits, empowered - happy associates, and wide assortments at competitive prices in a multi – channel digital ecosystem.

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