

Retail is in the midst of the biggest technology paradigm shift

While the environment for South African consumers will likely improve gradually over the course of the second half of 2024 off the back of better-than-expected inflation figures and an easing of global price pressures, consumer spend will likely remain constrained. This reality means retailers will need to stay ahead of competition to compete for valuable customer spend.

By [Peter Ludi](#) 1 Feb 2024



Peter Ludi, business development executive at redPanda Software. Image supplied

As the recent National Retail Federation: Retail's Big Trade Show held in New York recently proved, the world is entering the digital age in the true sense of the word at breakneck speed, and retailers around the world have no choice but to react, deploy and iterate.

The conference, with more than 40,000 attendees, 1000 exhibitors and 450 speakers, is a temperature test for where global retail is currently, and where it is going. The mood has shifted from a year ago – post-Covid blues have been replaced by optimism and urgency to adapt to the digital future – a digital future, which after attending, testing, interacting with product on display and conversing with retail leaders from around the world, is well and truly now.

AI is everywhere...

The main take-out, and one which should attract the immediate attention of every retailer in South Africa, is that artificial intelligence (AI) is everywhere. Many people have said over the past few years that low code and no code solutions were the

real digital paradigm shift. Of course, this technology has radically changed usability and deployment speed.

However, I would argue that based on our experience in the trenches, so to speak, and after immersing myself in the NRF conference, we are in the midst of the single-biggest digital paradigm shift: The move to automation and AI. This absolutely needs to be taken seriously.

It was part of almost every presentation and product on display. There were other important themes: Unified commerce is recurring theme, albeit a work in progress, the importance of good, clear, curated data to extract the best results from AI, robotics and RFID are forming part of the strategies of the leading retailers from around the world.

Of course, this is not new. We have been saying all these things now for a long time, but seeing it, and how advanced many are in their iterations, is surely an alarm bell for those spending most of their time on POCs. There are enough use cases keep people busy, or in a tailspin, for years.

Chandhu Nair, SVP of Data, Analytics and Computational Intelligence and Marketing Technology at Lowe's, said at the conference: "Generative AI is one of those things where it's death by a thousand use cases."

A key learning was that retailers cannot test forever, or they will be left behind. They must deploy and iterate.



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Where does this leave retailers in this country and on this continent?

Omnichannel is still a big consideration, including the move from a channel-centred to a customer-centred approach, and how this affects where retailers deploy their marketing spend, focus and effort. The broad consensus at the NRF validates the redPanda Solutions approach, where we are clear that the physical, digital and virtual worlds need considered investment and work in perfect harmony so that the customer experience is optimised.

The actual use cases are astounding and exciting, such as smart mirrors and applications in the virtual realm that can do things such as show the customer whether a chair would work in their home. The spinoffs of a technology such as this are important as it can radically reduce the risk of returns.

Here, retailers would do well to work with expert partners who can help them identify pain points and then devise solutions that are aligned with their strategies.

key considerations in 2024 and beyond

Employee and customer experience remain key considerations in 2024 and beyond. Again, the theme centred around deploy and iterate or be left behind. Generative AI developments in the arena of virtual assistants are becoming more and more impressive and give businesses far more exposure to their customers to enhance their user experience.

However, it bears repeating: Use cases abound; the focus for every retailer should be on the optimisation of workflows, agility and friction reduction. We always say to partners: Know who you are and then align deployments with your strategy.

So, what should retailers do? There are a few key steps they should take with specialist partners to ensure they are on the right side of the current digital paradigm shift:

- Determine the use cases, prioritise and focus
- Ensure strategic alignment; this is alignment to the business strategy
- Consider their customers
- Consider their market

- Consider their staff
- Curate and audit their data. This is crucial as they will fuel their AI algorithms with cleaner data sets which will result in better outputs.

Where would potential AI deployments make sense? Working with their partner, retailers should look at their supply chain, search and recommendations, personalisation and efficiency. Practically, AI can be deployed internally and externally.

For example: There are use cases to manage product descriptions, enhance staff productivity and efficiency, assistants to help customers choose the right products to minimise returns, fraud detection, loss prevention and much more.

A good partner will help retailers match expectations with reality. None of the potential deployments are easy – there aren't any plug and play solutions. There needs to be configuration, and the solutions need to learn to become efficient and productive. Technology is changing rapidly and all the time and so businesses need to leave room to pivot and adapt. This is crucial - the new digital paradigm is defined by rapid evolution.

The way we see it, it is less of a technology problem and rather a business problem. Retailers need to look deeply into the business and its problem statements and then work out where and how to deploy technology to solve the business problem. It is about working with a partner to connect the dots, whether the solution lies in loyalty, staff enablement or personalisation or anywhere else.

Finally, and perhaps a vital validation for the way we have been advising retailers in South Africa, is that almost every delegate at the conference agreed that memorable customer experience starts with a quality employee experience. This acknowledgment is industry-wide. Business success begins with investing in the people on the shop floor.

Here, an important consideration for retailers is to balance the work they do to instil a sense of pride and loyalty in their staff with extensive theft policies that are designed to keep associates safe. It is a balancing act - protecting the business and the good staff from those with a nefarious agenda, while not alienating the entire workforce.

We know where the world is going. It is key for businesses, especially South African retailers, to be able to move quickly. The ability to move at speed, and with agility, requires a platform with consolidated digital tools in every sense of the word. This includes every aspect of the business, from customer facing to human resource management.

There is no digital transformation playbook for the retail sector, and so choosing and working with the right partner is probably more important than ever before.

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