How an agile store operation can stop your retail and restaurant customers shopping around

With all the new opportunities presented by digital transformation, the retail industry has been busy reinventing itself in recent years. Going hand-in-hand with the increasing capabilities offered by new technologies, one of the biggest drivers for change in the sector is the evolving wants and needs of your customers.

This article will consider the trends driving retail today and how investing in the latest technologies can give you the edge you need in the current competitive landscape. With an infrastructure that provides a higher level of performance, security and reliability, your business can deliver a better customer and employee experience, harness data for more informed decision-making and switch on new retail and restaurant sites within minutes.

A study of today's key retail trends

A recent Connected Retail Experience study[1] conducted for Cisco explores the considerations that are driving technology change and investment strategies in retail today.
These include omnichannel efficiency, the increasing digital engagement expectations of younger employees, persistent staff shortages, rising stock theft and capitalising on the ever-increasing opportunities presented by AI and automation.

Delving into these considerations in a little more detail, the survey found that store efficiency is top of mind for most, with the need for a seamless omnichannel service to enhance the customer experience and increase all-important profit margins.

Customers... demand a shopping experience that fluidly integrates digital convenience with in-store tangibility. Retailers are thus tasked with an imperative: to deliver a seamless omnichannel journey that resonates with customers at every point.[2]

Loss prevention is also high on the list of priorities, with many retailers finding that theft and shrinkage have now reached unacceptable levels. Technology has a significant role to play here, and there's a real need to embrace the latest innovations that offer proactive protection from this kind of wastage.

The varying digital capabilities of people working within stores was another area of concern for many retailers - this was largely found to be a generational issue.

It wasn't surprising to discover that younger employees were bringing a higher level of digital understanding into the workplace. However, while Gen Z and Millennials expect a seamless integration of the latest technology in their work environment, this can alienate older members of the workforce who prefer to work in the ways they're used to.

[1] 2024 Connected Retail Experience Study: Focusing on Omnichannel Efficiency
[2] 2024 Connected Retail Experience Study: Focusing on Omnichannel Efficiency - Page 4

Only 11% of retailers meet the digital experience expectations of their Gen Z employees.[3]

Retailers need to strike a delicate balance to avoid alienating any of their staff at a time when good people are hard to come by.

As with every sector these days, it's impossible to talk about the latest retail trends without considering the opportunities presented by automation and AI. Yet even though, in theory, retailers are keen to tap into these technologies to transform their businesses, many lack an understanding of what's available and how best to take advantage.

While 28% of tasks in grocery and general merchandise stores are currently automated, this figure is expected to rise to 56% by 2026[4], so there's evidently a steep learning curve ahead with many security considerations to be mindful of before adopting AI.

In many organisations, there will be tensions with the business leaders always inclined to drive adoption to increase productivity, whereas IT decision-makers will tend to take a more conservative approach, prioritising security and compliance.

Contentment with network and IT security has…tumbled from 59% to 34%, highlighting critical vulnerabilities in a more connected yet less secure landscape.[5]

[3] 2024 Connected Retail Experience Study: Focusing on Omnichannel Efficiency - Page 3
[4] 2024 Connected Retail Experience Study: Focusing on Omnichannel Efficiency - Page 11
[5] 2024 Connected Retail Experience Study: Focusing on Omnichannel Efficiency - Page 13

Core challenges for businesses like yours

In the face of these new trends, retailers and restaurant chains wishing to steal a march on the competition are firmly focused on achieving optimum efficiency throughout the business.

Success boils down to being able to offer more to customers with fewer resources. Perhaps the first question to ask yourself is where your business falls on 'the Digital Experience Scale'.

This is the index we use to evaluate how mature your store technology is. So, are you currently just doing the basics, or does your technology allow you to do more business-savvy things like counting footfall, analysing data, providing customer personalisation, creating dynamic pricing and deploying wayfinding?

Not all businesses need to be at the top of this scale. Instead, you should be in the right place to service the needs of your customers and meet their rising expectations. Once you understand where you sit on the scale, you can then target the correct level of technology solutions that suit the requirements of your specific business.

What about the challenges facing your IT team?

While IT leaders and the C-suite are likely to share key business objectives, priorities are sure to differ. Despite being weighed down by the day-to-day practicalities of keeping everything working, the outlook of IT decision-makers tends to be longer-term as they strive to build a robust infrastructure for their organisation that can adapt to evolving customer needs.

What you need to work towards is standardising technologies across all stores so you have a consistent platform to work from and build on. However, this is a particular challenge for organisations operating a strategy of acquisition. Meanwhile, many retail and restaurant businesses are being held back by legacy technology with little resilience, high operational costs and inadequate access to modern cloud applications.

To stay ahead of the curve, most retail businesses need speedy systems, ultrafast connections and optimised communication channels to deliver a customer-centric experience that never ceases to surprise and delight.

That's easier said than done in the face of challenges such as technology sprawl, lack of efficient protocols, the relentlessly high turnover of staff and low visibility of insight-rich data. The rapidly approaching demise of the Public Switched Telephone Network (PSTN) will also be causing sleepless nights for those who have not yet moved to a hosted voice solution.

Despite the agenda for rapid change to keep up with the new retail trends, there's no margin for error, unfortunately. Network downtime and degradation can cost retailers thousands of pounds a day per store, creating a lasting impact on revenue, productivity and the customer experience.

As retailers upgrade store technology, the network is often unable to cope and performance can be hampered. So, even though more systems and applications are connected, results from the Cisco survey show that business satisfaction in the network is currently alarmingly low.

Only 36% of grocery and general merchandise retailers are satisfied with their current technology infrastructure.[6]

New technologies, new customer experiences

As well as providing new efficiencies, these technologies are providing shoppers with enhanced experiences that are putting smiles on their faces and keeping them coming back for more. At Molton Brown, for example, their new Wi-Fi solution is enabling the business to attract new customers with their "Fragrance Finder" interactive experience that is empowering customers to find the fragrance that fits their personality.

At M&S, wayfinding technology via an app makes it easy for customers to locate all the ingredients required for featured recipes, and most retailers are looking at deploying Mobile Point of Sale (MPoS) to help reduce queue times during peak periods.

Elsewhere, customers have come to expect to be able to do things like tune into online and digital channels when they're in-store to look at other products and check out competitor prices. In short, they want the same slick, intuitive service from retailers that they get from all the apps they use every day.

Key components of the Retail Digital Experience Scale:

1 **Footfall counter**

2 **Email addresses**

3 **Retail analytics**

4 **Personalisation**

5 **Mobile PoS**

6 **Digital concierge**

7 **Dynamic pricing**

8 **Wayfinding**

A blueprint
for operational efficiency

A good place to start when it comes to using the latest technologies to drive efficiencies is with a refreshed digital blueprint. Bringing developers and operation teams together to enhance productivity by using automated infrastructure and workflows enables stores and restaurants to get up and running faster.

"We are witnessing a significant transformation in Retail. A confluence of digital innovation and operational excellence."

Mark Scanian
Global Industry Lead, Retail Cisco

Get this right and the benefits can be game-changing. As well as cutting down on engineering configuration cost and effort, you can eliminate human error and drift and increase rollout speed.

The alternative sends shivers down the spine. The thought of configuring hundreds, sometimes thousands, of sites using 'clickops' is so time-consuming and costly that it doesn't bear thinking about.

Another easy way to create efficiencies in-store could be combining your footfall counter with your CCTV to bring the network traffic down and ease management of the systems.

Partnering for operational simplicity

There's certainly a lot to think about here, but you don't have to shoulder all this responsibility on your own. By partnering with a managed services provider, you'll receive expert help to mature your digital customer experience with a redesigned infrastructure that gathers data and analyses key insights.

Outsourcing IT is also the low-risk way to drive efficiencies across your entire estate, establish end-to-end security, free up the IT team to focus on the bigger picture and, above all, get a good night's sleep.

Find out more about modernising your store operation to meet your business goals **here**

63% of UK organisations plan to continue outsourcing IT at the current level or increase outsourcing over the next 12 months.[7]

Sources
2024 Connected Retail Experience Study: Focusing on Omnichannel Efficiency

[7] ComputerWeekly.com - Demand for access to talent driving UK IT outsourcing growth