Impact of Technology in Attracting Retail Customers

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Abstract

The pressure of global environment is increasing the competition among organizations. This increasing competition is forcing organizations to come with something new and different. As a result innovation is becoming necessary for each and every organization. Innovation has become the success mantra for business organizations today because of this increasing competition.

Innovation refers to both to the output and the process of arriving at a technologically feasible solution to a problem which has been triggered by a technological opportunity or a customer need. The Retail sector is seen with immense opportunities these days around the world and especially in India. But for encashing this opportunity companies have worked harder and kept on continuously innovating to attract more and more customers.

Technology plays the key role when we talk of innovation in products, processes or systems. In this era of fast changing market technology has brought major transformations both in products as well as processes due to which organizations have been able to attract more customers. Technology has brought innovativeness in products, innovativeness in use of information technology, innovativeness in tools for billing, innovativeness in increasing the safety within the stores, innovativeness in merchandising, innovativeness in understanding buyer behavior, etc.

Introduction

Retailing is selling products to the final consumers /customers. It contains business activities in selling goods and services to the final consumers for their personal, family or household consumption. The normal view is that retailing involves the sale of tangible (physical) goods. However it also includes the sale of services. Each and every sale to the final consumer ranging from washing machines to holiday packages to furniture to delicious dishes at restaurants to haircut at saloons is a part of retailing. It's the last link in the distribution process.

The retail sector today offers one of the best varieties of job opportunity for ambitious and hardworking people. Career path in this fast expanding retail sector are very varied, exciting and lucrative. Some of the important career areas in the retail industry are in sales, marketing and advertising; merchandise planning and buying; stores management; distribution, logistics and supply chain management; & IT and E- commerce. Entrepreneurship opportunities are also promoted by this sector.

Retailing is a major part of world trade today. The sales and employment opportunities in retailing are vital economic contributors. The trends in retailing often mirror trends in a nation's overall economy. The retail industry is the second largest source of jobs today after agriculture in India and has one of the highest impacts on the Indian Population. Retail is the largest sector in India after agriculture, contributing over 10 percent of the country's GDP, and employs over 4 crore people. The unorganized retailing accounts for 97 percent of the total retail trade (People Democracy, 2007).

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The increasing purchasing power of the Indian consumers particularly the middle class is attracting more organized retailers to India. The Asian Development Bank in its recent report has estimated the size of the burgeoning Indian middle class at 418 million (Sify finance, 2010). The preference of customers today is shifting from unorganized retail to organized retailing. Better shopping experience, more variety, better prices, and lack of available time with customers are some of the important reasons behind this shift towards organized retailers. The success of shopping malls has also supported this shift as customers prefer one-stop-shopping.

Retailing today is at a fascinating crossroads in most part of the world. It is having a bright future particularly in developing countries today. In countries like India and china the retail sector is looked with enormous potential. A.T. Kearney, the international management consultancy recently identified India as globally the second most attractive retail destination from among thirty emerging markets. The immense opportunities could be seen both in opening new retail organizations as well as in improving the existing ones. The leading organized retailing organizations have outperformed the established manufacturing giants in terms of Sales. Ex. - Sales of Wal-Mart is ahead of General Motors or ExxonMobil.

Technology has been one of the primary drivers for the retail sector. Whether it is organized or unorganized retail it has given them an edge over their competitors. Innovation has been one major source of competitive advantage for the companies. Technology plays the key role when we talk of innovation in products, processes or systems. In this era of fast changing market technology has brought major transformations both in products as well as processes due to which organizations have been able to attract more customers.

Need for Inovation in Retail

Let us first define innovation before moving to the need for innovation. In his book "Technology and Innovation for competitive environment" V.K. Narayana says that innovation refers both to the output and the process of arriving at a technologically feasible solution to a problem which has been triggered by a technological opportunity or customer need.

Process: Here the term innovation refers to the process by which individuals or firms arrive at a technical solution. Ex.-a new performance appraisal technique for employees.

Output: Here the term innovation refers to a product or service which is the output of the innovation process. Ex. - An iPod.

Indian market is revolutionized because the citizens are coming out from being a conservative one to the one who are now interested in enjoying their life and ready to spend. Today, the youth are the major source of new ideas, the Indian women is not only confined to their home, the families have taken the shape of nuclear families. The number of the joint families is decreasing every day. The increasing numbers of women in the workforce and the Young CEO's have increased their say in the major decisions both at Office and Home. This trend is signaling innovation in products and services. The pressure of global environment on the other side is increasing the competition among organizations. Liberalization, globalization and privatization are opening up the whole economy gradually (Kumar Sunil, 2012). The retail sector has also been affected by it. This increasing competition is forcing organizations to come with something new and different. As a result innovation is becoming necessary for each and every organization. But this pressure of innovation is not only on the new companies rather it is also on the old ones. Firms must excel at meeting customer's basic expectations and offering differentiated features from the competitors if they want to grow.

This increase in demand of organized retailing has increased the flow of traffic in their stores. Retailers like Big Bazaar, Bazaar Kolkata, Spencer, Reliance, Croma, Vishal, etc. are facing heavy traffic. This increase in traffic is welcomed by the organized retailers as their sales are improving and are guiding them to a prosperous future. But at the same time concern for safety and surveillance in the stores has increased due to this heavy traffic. Concern for fast billing procedures are also needed to avoid queues at the billing counters. It has also raised concern for good merchandising and proper maintenance of stores.

We can say that the future is promising for the retailers but at the same time retailers are facing many challenges. The retail sector is new due to which it lacks expertise and management talent. The opposition of Foreign Direct Investment by BJP, Left Parties, Trinmul Congress, Samajwadi Party, other regional parties and many trade associations is keeping the retail sector away from access to good capital (The Financial Express, Sept 6, 2010). The government is unable to provide favorable regulations for the retail sector due to this opposition. With provision of self-service and automated systems the Customer service expectations are high and rising. According to a report prepared by researchers of International Food Policy Research Institute (IFPRI) and Michigan State University, "Structured changes in retail will surely start affecting a large number of some small retailers at some stage be it after one or two decades. But experts are of opinion that to ensure that traditional retailers do not become losers in this revolution, innovation was needed to co-opt." (Source: Kirana Stores near big retailers to be hit first, The Times of India, March 10, 2008 pg 17)

Some key challenges faced by retailer's are:
- How to best serve our customers while earning a reasonable profit?
- How to maintain a good position in the highly competitive environment where consumers are exposed to so many options?
- How to increase our business while retaining a core of loyal customers?

These concerns are demanding the need for innovation in the retail sector. This innovation is not only needed in products but also in services. Some of the major trends forcing the need for innovation in retail are the pressure of global competition, growth in the role of women in workforce, emergence of nuclear families, increasing role of youth in major decisions, increasing mobility of people, non-favorable rules and regulations for the retail sector, changing attitude of the Indian Society, fast changes in the taste and preferences of customers and increasing purchasing power of customers.

Innovation has become the success mantra for business organizations today because of this increasing competition. And for encashing this opportunity companies have worked harder and kept on continuously innovating to attract and retain more and more customers.

Role of Technology in Innovation

Innovation has been one major source of competitive advantage for the companies. Technology has been one of the primary drivers for business organizations. The retail sector has also used it positively to cash its benefits. Technology has been used in bringing innovativeness in Retail sector in various areas of the business. Whether it is organized or unorganized retail it has given them an edge over their competitors. Technology plays the key role when we talk of innovation in products, processes or systems. In this era of fast changing market technology has brought major transformations both in products as well as processes due to which organizations have been able to attract more customers.

Technology has brought innovativeness in products, innovativeness in use of information technology, innovativeness in tools for billing, innovativeness in increasing the safety within the stores, innovativeness in merchandising, innovativeness in understanding buyer behavior, etc. Retail sector has effectively used technology for increasing customer satisfaction through new and improved products as well as better processes. It has also led to more customer loyalty.

Technology has been very effectively used in creating awareness about new products and promoting them. Application of technology has smoothened the whole experience of purchasing for the customers. Technology has helped businesses in creating a better customer relationship management which is very productive in the longer run. Technological innovation has become a primary driver in improving retail productivity.

Technology and Innovation in Retailing

Innovative ways have been successfully used for retaining customers and increasing loyalty among retail customers. Relationship marketing is one of such way which has been used today to become successful in the market because it is well known that – "the cost of getting a new customer is five times the cost of retaining an existing customer". Membership card has been innovatively used to build long term relationship and retain customers. It has also been helpful in increasing loyalty of customers for the retail stores. These all and many other ideas successful

implementation in retailing have made been possible because of Technology.

Some successful applications of Technology in retailing are:-
* Innovative Products
* Better Ambience
* Smooth Processes
* Membership Cards
* Application of Audio and visual media
* E-Commerce
* Innovative Merchandising
* Non-Store formats of Retailing
* Convenient Mode of Payment
* Connectivity among stores
* Innovative ways of Advertising
* Improved Supply Chain Management

Innovative Products

Innovativeness in product variety has been done by companies. Companies have gone for keeping more product assortments to increase their customer base. Continuous increase in product lines has been a profitable move for retailers. Some of them have gone for scrambled marketing to attract new and more customers. We can take the example of BATA which has increased its product lines from Shoes and Socks to School and Office bags, Belts, Purses, etc.

Titan is another example which has changed the meaning of a watch from a time keeping instrument to a 'Fashion Accessory'. Technology has also been very used by manufacturers in offering more variety to the customers. Customers even have the option of designing their own products-the website www.makemypc.com from LG is one such example. Dell is another very successful and classical example which have been offering this choice of designing your own products online since a long time.

Another option is going to come from Coca Cola which has begun beta-testing an RFID enabled drink dispenser that the company claims will transform the soft drink dispensing industry, by providing more than 100 drink options from a single machine. Named Freestyle (figure given below), the machine utilizes RFID technology to identify 30 or more cartridges, determine the Quantity of flavoring inside each, and transmit data back to Coca-Cola indicating which drinks are being consumed and when.

This application of technology could be highly productive for other companies which use vending machines for their primary or additional sales. Companies selling hot or cold beverages can very tactfully use them to enhance their sales. Companies like- Nescafe, Pepsi, Unilever, etc. could be a major customers these vending machines.

Another interesting RFID application has been in the Ice-cream retailing. This application has been seen in the International market but yet needs to be introduced in the Indian market. seen Izzy's Ice-cream chain has successfully used RFID to update the available ice-cream flavors on its website. A special webpage has been launched on the company's website that shows all available flavors, updated regularly at an interval of three minutes. The company has installed Impinj reader antennas in its display cases which reads the RFID tag of the available flavor and updates the stocks.

Better Ambience

This has been one of the important success factors of organized retailing. Brands like Raymond, Vimal, etc. have innovatively used a multi-channel marketing system to sell more. They have used the Conventional channel as well as Exclusive showroom selling to attract more customers and create a better brand equity for themselves. Through the better ambience in their exclusive stores retailers have tried to attract more customers. Technology has played an important role in

**Fig.: Coca cola freestyle machine and
Izzy's Ice cream Display with
RFID tag and Impinj reader.**

providing this better ambience through new and better ways of architectural designs, air conditioning systems, power backup facilities, multistory parking, etc.

Technological Innovation has also been successfully used by retailers to attract more competent staff for handling their operations. They have offered a good and lucrative environment at workplace, have offered shifts to work and have also offered a better career path. Training in various areas has been regularly offered to employees to upgrade and update themselves. This has helped in improving the moral as well as productivity of the employees.

Smooth Processes

Technological innovation has become a primary driver in improving retail productivity. Innovation in technology has made the billing procedure very convenient and faster by use of device like Optical Scanners. It has also been helpful in enhancing the management of inventory. RFID (Radio Frequency Identification) device has been another important technological innovation for the big organized retailers. It has speeded up their store management process and at the same time increased the safety level in their warehouses and within their retail stores. RFID has increased the speed of receiving stores in the warehouses. Its use in products has reduced theft in the outlets. RFID has increased the possibility of successfully offering wide variety of product to customers.

Information Technology (IT) has been one of the prime enabler in bringing smoothness in business operations. It applies to all types of business including retailing. It is acting as a catalyst for their success. Information Technology ensures that the business is run on the right economic guidelines. Use of Information Technology in opening E-Commerce options for established retailers has added another channel for generating sales. Use of IT to the next level by retailers can enhance consumer experience. As per Alok Gupta, CXO-Café Coffee Day "By proper usage of IT we can provide our consumers the choice to play songs and videos which they want while having coffee". This would definitely lead to a better and enjoyable experience, more customer satisfaction and as a result increased business for the seller.

Membership Cards

Membership card has been innovatively used to build long term relationship and retain customers. The advantage is that with the application of information technology the same card can be used in all the stores of that retailer regardless of the geographical location. This helps the customer in receiving all types of benefits applicable on the card whenever he purchases. Since the points in his card increases the more he uses it he automatically moves to the stores of which he is a member. Organized retailers have joined hands to increase the loyalty of their customers and are offering such cards jointly which is another advantage. "Payback card" is an example of such joint effort which can be used in Big Bazaar, Lifestyle, HPCL Petrol pumps, etc. "Reliance One card" is another example which is valid in all reliance stores whether you are buying apparels or groceries or footwear or consumer durables, etc. from any of its stores anywhere in India. This has also been helpful in increasing loyalty of customers for the retail stores.

Application of Audio and visual media

Audio and video technology has been innovatively used in retail stores. It helps in knowing the preference of customers based on which firms come to find the following:

• Which products are demanded and in what quantities?
• The buyer behavior of customers.

The above inputs help the retailers in making those products available and displaying the products accordingly to increase their sales. Audi has been effectively used for "In-Store-Promotion" by retailers.

Video has been successfully used for surveillance and increasing the safety and security inside the stores. It has also being used for keeping an eye on employees operations.

Non-Store formats of Retailing

Technology has removed the necessity of physical store as the only way of retailing. Non-store retailing formats have also been innovatively used to be successful in business. These formats have been used both as an additional format of retailing or as the only format of retailing. These non-store retailing formats are E-commerce websites, selling through television, phone orders, mail orders, etc.

Some companies have innovatively have used E-commerce as a successful new format of retailing and have used this format as the only way of doing business. Amazon.com is a live example of it which has used a non-store format of doing retail business. This non-store format has also led to providing more options as well as designing their own product by customers. In the present market situation customers value convenience and speed over money (Agarwal, Vaishali, 2010). The format of E-stores which has 24X7 availability has been very popular because it offers the above benefit. This format has been very popular among the E-generation who is internet savvy. It has also been very much preferred by the Old-age customers and those customers who are very busy and in lack of time.

Television has been another technological platform for selling products and services. It's major advantage is its reach and popularity in the masses. The products can be displayed attractively and customers can be properly educated through this channel. This medium is gaining high acceptance particularly for branded products.

Innovative Merchandising

Innovativeness in merchandising has led to more sales. By studying the buyer behavior through use of technology companies have displayed their products in the right area of the stores and at the right angle and sight of the customers. Retailing Chains like Reliance and Big Bazaar have merchandised low priced products of renowned

companies near their billing counters. Products like batteries, chocolates, small plastic containers, noodles, etc. are placed on these spots to attract the attention of the customers during billing which has led to impulse purchases as much decision making is not required by the customers in such purchases.

Convenient Mode of Payment

Increasing use of plastic money (i.e. - Debit cards and Credit cards) to make payment while purchasing has added convenience and value to the shopping experience and reduced the risk of carrying cash. This convenience has not only facilitated the planned purchases of customers but has also increased the impulse purchases of the customers which are unplanned. These facilities have not only facilitated convenience and safety for the customers and but at the same time brought more business for the retailers. Plastic money convenience has facilitated the unplanned and impulse purchases of the customers. This again is an example of application of technology for making purchasing convenient for customers and increasing sales for retailers.

Connectivity among stores

Technology has so well connected the stores of the retailer that if we are looking for some product in a store and that is not available then they hold the ability to check its availability at their other store and make it available to us. Technology has facilitated the search of goods in a store where number of products sold are very high. Video Kiosks or Personal Computers are available in the stores on which we can search for the required items availability. This type of facility is very common in a book store like "Crossword" or a music store like "Planet M".

Innovative ways of Advertising

Technology is today playing a very important role in promotion of products. Text messaging has been used by banks to promote and popularize its products and services (Gopal, K., 2007). This mode has been faster and very-very cheaper to reach the target consumers. Websites like www.ways2sms.com and www.fullonsms.com have helped in achieving the above because they are offering free service for sending SMS on mobiles. This has been used successfully by big but small retailers also. Mobile Banking would be the most targeted tool in the near future by all banks because the number of mobile connection would be soon more than our population.

Digital Advertising has been used by many retailers to promote their products on the internet. Through digital advertising they are promoting products on popular website, online search engines, social networking sites (like-twitter and face book). Blogs and Chat rooms have also been used effectively for the same purpose. Blog is an online open forum where people express their views on different topics. Chat rooms are created by company on their own websites where they invite people to put their views and interact. They have been an important source of creating awareness about products and also for taking their feedback. One important feature of digital advertising is its 24X7 availability on the net.

Improved Supply Chain Management
Supply chain management is another important area where use of Information Technology can help the retailers in identifying the right inventory and maintaining it. Right application of Information Technology provides real-time information which is very helpful in generating the reports about sales and stocks for retailers. These reports enable the retailers in taking important, timely and immediate and decisions.

The USP of 'Everyday Low Prices' and its Customer Orientation has made Wal-Mart the leading retailer of the world today. It has grown up so much that today it is much bigger company than many big manufacturing corporations in terms of Sales Revenue. In 2005, Wal-Mart was rated as one of America's top five most admired corporations by Fortune magazine. Wal-Mart has become a true textbook example of how a retailer can maintain growth without moving away from its original core values of low overheads, the use of innovative distribution systems, appropriate application of technology, IT tools and customer focus- whereby employees swear to serve the customer.

Innovative application of Software's in supporting, managing and monitoring business operations have been very productive. These applications have been very fruitful in knowing real time stocks which have helped in replenishing the stocks on time and avoiding shortages.

Conclusion

It can be concluded that innovation has been the success mantra in the past, it is the success mantra on which retail organizations are growing and flourishing today and will remain the success mantra in the future also for the retailers. Retailers need to identify the areas in which innovation is possible to attract customers and be successful in their business.

Organizations are required to innovate and invest in new products, services and technology. Technology has been the major driver of these innovation as its application brings new products, new services and developments in the supporting infrastructure required to attract and retain customers. A continuous up gradation in all the areas is very necessary for retailers to be successful. These areas of technological innovation could be outlined as:

* Products
* After Sales Services
* Technologies required to improve product quality
* Technologies related to supporting process like-Optical Scanners for billing procedures and RFID for receiving stores which could speed up the processes and give a positive edge over competitors
* Technologies like RFID have also increased the possibility of successfully offering more variety of a product. Ex-The vending machine of Coca-Cola. It has also increased the safety level of stores
* Better ambience and merchandising
* Promotional Schemes
* Video and Audio media for communicating with customers, data collection and surveillance
* Better working environment for employees

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