



Five Retail Technology Trends

How are retailers and product suppliers thinking about technology?

The following trends were identified over the course of dozens of conversations with retail and product supplier executives.

Trend #1: Mid-Sized / Independent Retailers are Using Technology to Level the Playing Field

Despite the growth of big-box retailing and the seemingly endless drive towards retail consolidation, mid-sized and independent retailers are still very much critical channels for product suppliers in most retail segments. Whether the goods are higher end and therefore higher priced or involve a higher service or knowledge quotient, retailers who focus on this segment of the market continue to thrive despite all those portending doom for main street. That's the good news.

The not-so-good news is the fact that these retailers risk losing their advantage if they do not keep up with customer and supplier expectations when it comes to technology. Companies risk losing tech-savvy customers who expect to be able to shop on-line or check product availability before they venture to the store.

Similarly, these retailers risk being de-prioritized by product suppliers who expect real-time visibility into their sell-through and stock levels in order to maximize promotional dollars and inventory turns. If a supplier has a hot selling SKU that they can more easily push into retailers where they have visibility, that's



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where the extra stock – and sales dollars – will go. Same goes for slower moving goods that need some help: those retailers who spot the problem earlier – and who enable their suppliers to spot the problem themselves – will be at the front of the line when it comes to needed markdown funds to clear out the slow moving products.

But there is more good news. With the advent of cloud solutions that offer speed to value and do not require immense IT budgets and deployment teams, mid-sized and independent retailers can now level the playing field with their bigger competitors and in many cases outrun them.

Trend #2: Technology is Breaking Down The Walls Between Retailers and Suppliers

Increasingly, technology is breaking down the traditional walls between retailers and suppliers that have in many cases caused adversarial 'us vs. them' relationships. In fact, technology may even be transforming buying cycles. Is it really necessary for a supplier to require the retailer to pre-buy a season's worth of inventory a year in advance, if the two – through a linked supply chain – can more collaboratively manage and replenish inventories throughout the year? With the help of next-generation retail applications, this kind of collaboration is a reality for all retailers, not just the biggest ones.

Trend #3: Suppliers Want Mid-Sized / Independent Retailers to Improve Competitiveness Through Technology

This point relates to the two points above: Suppliers want to help their mid-sized and independent retailers succeed. As a supplier, as great as it is to get your products into the big-box mega chain that drives your volume, you might in fact make more margin selling your non-mass-market SKUs at the smaller retailers. Even if your product assortments in mega-retailer A and smaller retailer B are identical, as a supplier, you're uncomfortable when too many of your proverbial eggs are in one



basket and your business is too dependent on a single retailer and a single buyer who might one day decide to go in a different direction. So to reduce their risk, smart suppliers understand that smaller retailers can improve their competitiveness by deploying state-of-the-art technology at a much faster rate than their larger retail competitors, in effect turning their weakness (small size) into a strength (nimble enough to quickly deploy technology).

Trend #4: The Next-Gen Workforce Sees a Big Gap Between B2C and B2B Technology in Terms of Usability, Personalization and Mobility

As the next generation of tech-enabled employees enter the workforce, expectations for technology in the retail supply chain are changing. Younger store managers and retail staff wonder why they have to struggle with an archaic point-of-sale system to get an answer to simple questions like ‘what’s not selling in my store?’ or ‘what do I need to reorder?’

Similarly, young supplier sales reps used to having immediate feedback and endless data in their social media lives wonder ‘why do I have to call into stores or go in and count inventory so that I can get a reorder or report back sales trends to my Marketing department?’ In this age of connectedness, ‘why is so much of retail still face-to-face or belly-to-belly? Why can I not see the information that’s important for me to do my job via a web or smartphone app?’

As the pace of change in consumer tech accelerates, the next-gen workforce is increasingly struck by the huge (and growing) gap that exists between B2C tech and B2B tech in terms of usability, personalization and mobility. New retail enterprise technologies that take the best of these consumer and social technologies are positioned to win in the future.



Trend #5: Workforce Mobility Across Retail Industries is Bringing Technology With It

Workforce mobility across industries is another trend that is influencing technology needs in retail. In general, due to their volume and fast-moving nature of their goods, suppliers and retailers who focus on consumer packaged goods (e.g., food, consumables) have always been at the forefront of the market when it comes to tracking and utilizing data and technology to improve their businesses.

With more and more of alumni from this CPG industry cross-pollinating other industries, these best-practices are now being adopted by additional retail channels that have generally lagged in this regard. Someone who has spent their careers in places like P&G or Unilever coming to a new industry like home improvement, sporting goods or electronics is quite often shocked by how few of the CPG best practices around data – whether it be consumer loyalty data, logistics data, retail point-of-sale data, market size and share data – have been adopted by these channels. Increasingly, CPG-like thinking is pervading these other channels and is starting to drive decisions around technology so that they can catch up to their more advanced retail competitors.

Indeed, when one considers the increasingly blurred lines between traditional market channels – who doesn't compete with Walmart now? – this need to compete on technology has become a strategic imperative.



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