Improving retailing with technology

South African retailers should look to international counterparts as to how technology is being successfully leveraged to solve business problems and achieve the goals of the UK and US retail sectors, in the face of depressed consumer spending and increasing competition.

Improving customer experience

Consumers often state that standing in long queues is about the most frustrating part of their grocery shopping experience.

UK retailer Tesco offers a self-scanning and bagging option, allowing customers to pay and check themselves out, accelerating the process and potentially securing return visits. Caroline Scofield, spokesperson for the enterprise mobility Tri-Alliance (IBM, Motorola and Zebra Technologies) and mobile specialist for IBM comments, "End-to-end mobility, or Enterprise Mobility as it is called, provides countless extra sales and marketing options including empowering customers to get pricing at the shelf, source recipes or wine suggestions, store maps, gift cards and loyalty programs."

Payment options

Technology is the catalyst in providing consumers with an increasing number of choices for services, as well as the convenience of electronic payments. Credit cards, once reserved for corporate use or the convenience of the affluent, are common and available to almost everyone. Online debit and store value cards are gaining market share while new payment methods have emerged, such as the gift or pre-paid cards and 'contactless payments' via technology that allows consumers to turn their cellphones into an electronic wallet.

While card-based transactions are on the rise, so are credit card fraud and identity theft, giving birth to new security requirements for card-based information. The major credit card brands have endorsed the Payment Card Industry Data Security Standard (PCI DSS) and retailers are responsible for implementing and maintaining these standards.

Compliance is validated with an annual audit and failure to comply results in steep fines. So not only do today's retailers need to determine how to keep business systems up to date to offer customers the latest in payment options, they must now also ensure that those systems are PCI compliant.

Cash is no longer king

The number of customers that prefer to use cash is rapidly decreasing, which is perhaps surprising, given the proliferation of ATMs and therefore increased consumer access to cash. There are however some significant advantages for retailers in the cashless trend. Although cash payments help retailers avoid processing costs associated with card-based payments,

there are still costs to the operation. Cash transactions incur costs for handling, armoured transport and bank deposits. Furthermore, businesses with heavy cash transactions are subject to possible cash shortages and even the risk of physical theft.

SA availability

Harnessing technology is the answer to some of the most critical challenges faced by this sector and the exciting opportunities include lowering operating costs and effective planning for the integration of new payment methods within business operations. As the South African retail space continues to be largely influenced by overseas trends, local companies will need to embrace the technology that is successfully enabling their international counterparts to attract customers and remain profitable.

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