

## **Retail Marketing Strategy**

**Prof. Sourabh Arora**

**Department of Management Studies**

**Indian Institute of Technology, Roorkee**

### **Lecture-14**

Welcome back everyone. Now we will be beginning with session 3 of the course retail marketing strategy of week 3. So as far as last session is concerned I hope you remember we had connected the dots regarding the generic factors which determines a retailer's success. So precisely we had discussed regarding the factor of why which was all about a retailer understanding why they exist or what is it that they are trying to do for the customers which problems are they solving for them or how they are bringing in value for them and we had also looked at the examples of Dmart which was all about making sure that for every rupee consumers get some value or get more of value. Then we also looked at nature's basket as well as future group and eventually we also looked at the element of showing care and we touched upon the perspectives of wow stories regarding the Ritz Carlton chain of hotels which are precisely known for offering the best experiences to their guest or we can say customers. Now as we move further in this module we will be again getting back to the key factors for success in retailing along with that we will also be having an overview of consumer decision making processes.

#### **Learning Objectives:**

After going through this module, the learner will be able to appreciate:

- Key factors for success in retail (Continued)
- Overview of Consumer decision making processes

So when we will get to that we will be precisely looking at three facets in which consumers are required to make decisions.



Now as I just told you we had discussed know your why we had also had a look on care and show we also discussed in brief about standing by your products which where we precisely looked at the snapshot of Procter and Gamble and Oral B electronic toothbrush, but as we begin this session we will be having a look at strategic approach to selling.



Now as far as strategic selling approach is concerned we first need to understand what a strategic sale is. Now it is all about recognizing that complexity in selling is on rise we need to satisfy a customer not on just one parameter, but a lot of parameters and that is why when it comes to attracting customers in store it gets a lot more complex.

So considering retailing in view of the strategic selling approach we need to understand that no transaction is small even when a customer is buying a product worth rupees 10 as compared to a customer who could be buying products for 1000 in a grocery store both should be given equal importance because you never know the customer who is presently buying for rupees 10 could be very profitable in the course of time or as far as the life of a retail store goes. Another thing which as per strategic selling approach we need to consider is the long term perspective which means that a retailer should not only be worried about a days deal which means you should not focus only on the fact that if a customer has come to the store we just need to somehow sell that will not work if you want to be among the best retailers rather the focus should be on long term perspective and focusing on very long term association with the customers. This also means that you should not only somehow you know work towards selling the products to the customers but rather see if they are going to be useful and fruitful for them if in case you start working towards customers in helping them out in what is going to be the best for you which also indicates that you are adopting a consulting approach you will be able to see that this is indeed going to be magical for both the customer as well as the retailer and they will be walking hand in hand for a very longer period of time. The third facet which we need to consider is focus on customer lifetime value we have spoken about CLV a couple of times now it simply indicates the total income that a typical customer can bring in on the table for a retailer. Now this can be again understood in two perspectives and earlier also has spoken about it.

Let us say you have a customer who is buying a lot of products from you at this particular moment of time but if you calculate his CLV you might see that he is not very profitable as far as future is concerned. Likewise you might have a segment of customers who are not profitable now but if you calculate their CLV you might be surprised to see that they come across as very profitable as far as long term duration is concerned. Now this is what CLV can do to you and you can eventually figure out the right kind of strategies as far as profitable non profitable customers in long term are concerned. Now the fourth facet which you need to understand with respect to the strategic selling gap approaches you must focus on creating a win win situation for your customers and this definitely becomes very crucial as far as B2B selling is concerned because more precisely in B2B selling stakes are very very high. Now there can be four situations when we look at this particular perspective there could be a situation of first win lose.

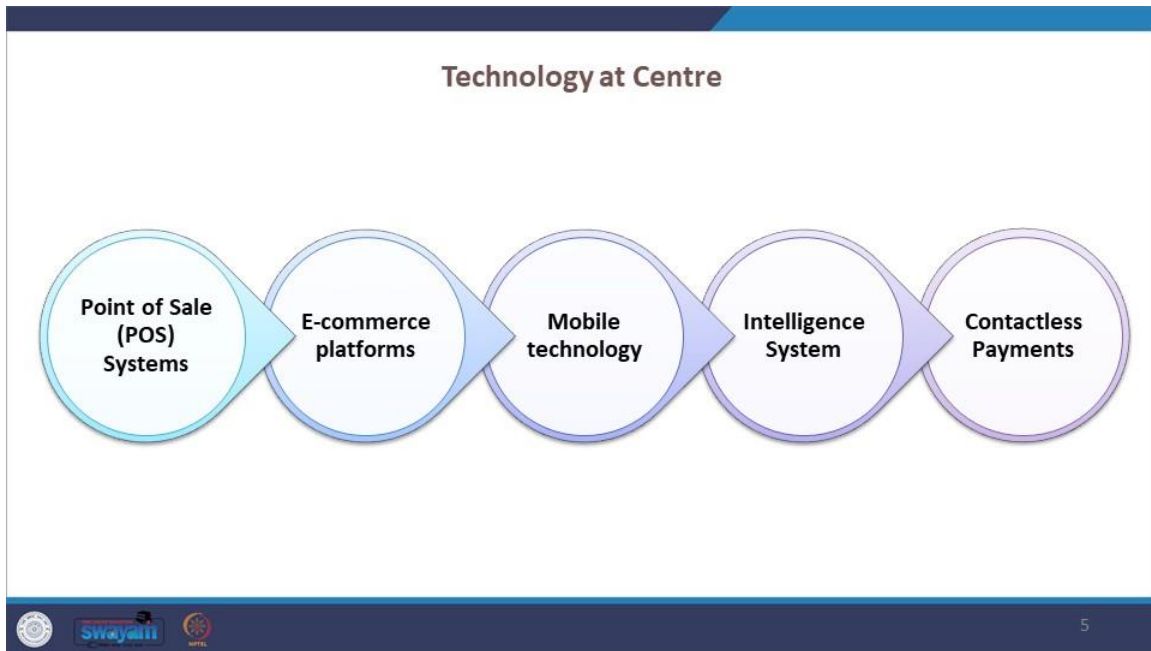
Now win lose means you are winning but the customer is losing now in this case in a way you are focusing towards having that day's deal and you are not focusing on long term orientation. Now in this case what is going to happen is customer undoubtedly will buy from you now because he is not aware that he is losing right otherwise he would not even buy now but in future he will be always in a mood to take revenge and will also

create a lot of bad word of mouth which eventually is going to be bad for you or very impactful for you in all negative ways as it is possible. Another situation could be lose win in which you are losing but the customer is winning now let us look at it from two perspectives now this is fine if the CLV of the customer is high which means in long term he will be bringing in profits for you but if it is that not the case then the entire exercise is definitely going to be futile. See I have discussed about this earlier also no retailer would like to operate at losses whether it is short term or long term but for certain segment of customers for whom you could be required to incur a lot of expenses or cost as of now but if your analysis shows that they are going to be profitable in long term then this is completely worthwhile but definitely you look at the perspective of long term profitability. Now the third situation could be lose lose and I think it is self explanatory if both the customers and the retailers are losing then there is no point of running such a business right and the last situation is win win in which the focus is on creating a win win situation for both customers as well as retailers.

Now this is something which is again going to be the best for the retailers as well as customers now again concerning the strategic selling approach we also need to focus on the ideal customer profile which is more of a semi fictional representation of your best buyers best buyers as in who are going to be profitable for you in long term of course as well as they will also be bringing in a very positive word of mouth and in some time they might even become your brand advocates which means they will not only be promoting your products and services or your store but they will also start defending it in a group of people. Now see why this becomes important is let us consider the example of DMart in nature's basket their ideal customer profile is going to be very different whereas for DMart it is only going to be a set of customers who want the best value for the every rupee whereas for nature's basket it is going to be the set of customers who are looking for elite products and services exported and exotic let us say fruits as far as nature's basket is concerned and they will be willing to pay a higher price for that also. Now the differentiation per say as far as ideal customer profile is concerned can also be realized for retailers let us consider CCD and Barista for CCD the clientele is definitely going to be different as compared to Barista for CCD it is more youth driven the people who are precisely coming to the store to have a good time whereas for Barista you precisely see the people who are working in offices and could be coming for having meetings or things like that. So even if you look at their ambience you will be able to connect the dots with respect to what we just discussed. Now the last thing which we need to consider as a part of strategic selling approach is definitely ideal ways.

Now this simply indicates how you can create value for customers now the one perspective is going to be about solving their problems or others by helping them grow. Now it is only in these two ways that you can be among the best preferences for the customers either as retailers or in terms of the products and services that customers

usually buy either help them solve their problems or help them grow and again you will be able to see that you will be among the consideration set or preferential list of the customers.



Now we get to the another exciting element amongst the factors which actually determine a retailer's success and again that is definitely technology at the center. Only those retailers are going to be successful in times to come or even in present times who know how to utilize the technology for best of the benefits even with respect to working on building a robust supply chain or also with respect to serving customers in the best possible ways. Now as far as this facet is concerned we will be looking at the point of sale systems, e-commerce platforms, mobile technology, intelligent systems and contactless payments.

All these paradigm simply indicates where technology can be implemented as far as the operations and functioning of a retailer is concerned. The first thing which we are going to look at is point of sale systems.

**Point of Sale (POS) Systems:** Traditional cash registers have been replaced by advanced POS systems that **streamline transactions, track inventory, and provide real-time sales data**. These systems often include barcode scanners, touchscreen interfaces, and integration with other business systems.

We all know that traditional cash registers have eventually been replaced now but point of sale systems. The advantage of point of sale systems is precisely the fact that they allow you to scan the barcodes and record the sales of the products in just a few seconds but they also help you track inventory and even provide real time sales data. Now let's understand how this can be beneficial for a retailer.

If you look at the idea of providing real time sales data just imagine that the retailer has come up with the phenomenal sales promotion tactic. Maybe buy one get one or some discount offers or maybe it could also be in the form of some bundled products but it will be only through point of sales data that you will be able to see whether consumers are buying these products or not across the retail outlets that you have in India. Maybe one could be let's say based in Calcutta, other could be in Pune, other one in Mumbai, other one in Delhi or let's say one in Kochi. Even you will also be able to clearly see in which particular location this particular sales promotion is doing best or where people are just grabbing products with respect to this promotional offer. So this is how the point of sales data can be very beneficial for you.

Apart from that we all know that these systems often include barcode scanners, touchscreen interfaces and these work best when they are integrated with other business systems.

**E-commerce and Online Shopping:** The rise of e-commerce platforms has allowed retailers to reach a global customer base and offer convenient online shopping experiences. Features like personalized product recommendations, virtual shopping assistants, and secure payment gateways enhance the online shopping process.

Now as far as technology is concerned another facet is about e-commerce and online shopping. We all know how the barriers have been completely eliminated. We all know how the barriers with respect to time and space have been completely eliminated with the advent of online shopping. You can buy products at any time you want in any day or from any place which means you don't need to go to the physical retailer now to get the product.

Another benefit which comes from the facets of e-commerce and online shopping is again their global outreach. Even if you are sitting in a small town in India you can even reach out to the customers based in New York if you think that they are going to be a best target audience. Though this is again one of the key benefits which the online shopping brings in. Apart from that it also allows you to offer personalized product recommendations, virtual shopping assistance and secure payment gateways to the customers to enhance and improve their satisfaction considering the overall online shopping process.

**Mobile Devices and Apps:** Retailers are leveraging mobile technology to engage with customers through mobile apps and optimized websites. These apps enable personalized offers, mobile payments, and location-based promotions, enhancing the overall shopping experience.

Along with this it is also the mobile technology which is kind of paving a great way for customers as far as retailing and shopping and purchase behaviors are concerned.

See one biggest advantage of mobile shopping apps is first is they are handy. People can buy products anytime any day they want and mobile definitely brings in an added convenience even as compared to the desktop's websites which people usually log into to buy products. Another advantage is very high personalized recommendations. See when you give consent to the retailer or let's say any marketer to access your data then through mobile the data which can be captured is of very high precision. If you are using Swiggy or Zomato you will be able to see that many times they send you very personalized push messages or notifications.

Let's say if in last week you have purchased south Indian stuff maybe Dosa idly or anything or ordered quite a number of times through the app then you will see maybe in following days when you are not ordering you might see very personalized messages like would you like to have a Dosa or since last week you haven't had a Dosa or something. So this is where the benefit of mobile applications lies. Again I am repeating it they allow you to get very personalized with the customers and we all know that along with these facets these also enable personalized offers mobile payments and location based promotions as well which again can be utilized for taking the shopping experience of the customers to the next level. Now another benefit which precisely comes is through the data analytics and customer insights.



**Data Analytics and Customer Insights:** Retailers collect vast amounts of data from various sources, including point-of-sale systems, loyalty programs, and online interactions. Analyzing this data helps retailers understand customer behavior, preferences, and trends, enabling them to make data-driven decisions and tailor marketing strategies accordingly.



Now retailers are able to collect vast amounts of information even with respect of point of sale systems or through the online transactions that a customer might be having through mobile apps or the websites or any other point of sale and if it is omnichannel environment in which everything is integrated then the data can definitely be utilized to draw very rich insights with respect to what are the preferences for customers with respect to sharing information even with respect to mode of payments you might see certain set of customers are only using Paytm other could be only using PhonePay whereas some segment could only be using credit card.

Now just imagine for those customers who are only using credit cards if you want to push sales or stimulate them to buy certain products which could be simply lying in cards you can specifically provide them some offers related to discounts only focused on credit card mechanics. Along with this such data definitely helps you in digging out rich insights with respect to trends and can be utilized to make data driven decisions as well as propose tailor made sales promotions for certain set of customers.

Contactless Payments and Biometrics: Technologies like NFC (Near Field Communication) and biometric authentication methods (e.g., fingerprint or facial recognition) enable fast and secure contactless payments. **These technologies enhance convenience and reduce the reliance on physical payment methods.**



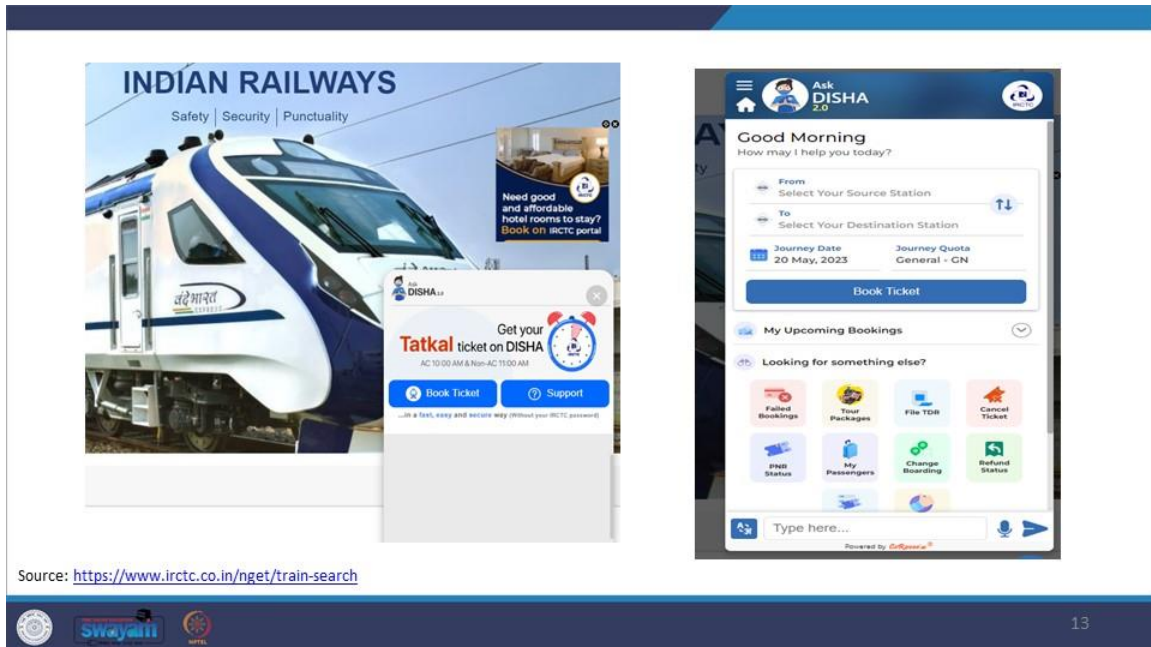
Along with this we are also seeing a world of contactless payments you very well know that we have reached a stage where payments can even be made with respect to you know by scanning faces and also by using just apps whether these are credit cards and also with respect to the smart watches which are available in the market and this definitely also bring in an enhanced level of convenience for the shoppers. Now as we move further we will be talking about some more facets where technology can be utilized for the best as far as retailing experiences for the shoppers are concerned.



Now these can be AI and chatbots, AR and VR, inventory management and supply chain and finally Robotechs and automation.

**Artificial Intelligence (AI) and Chatbots:** AI-powered chatbots provide instant customer support, answer inquiries, and assist with product recommendations. AI algorithms also help retailers optimize pricing strategies, predict demand, and improve inventory management.

Now when we talk about AI and chatbots we all know that AI powered chatbots are being utilized by the retailers quite often now because these are precisely used for providing instant customer support answering queries and assisting them with product recommendations. AI chatbots are nothing but virtual characters which are precisely created to help customers or answer their queries. Now these are precisely being used for taking orders, cancelling orders, providing information regarding products, registering complaints, checking for the status of complaints, checking for the status of orders and even for recommending products as well and when coupled with AI algorithm these also help retailers in optimizing pricing strategies, predicting demand and optimizing and managing as well as improving inventory based mechanisms.



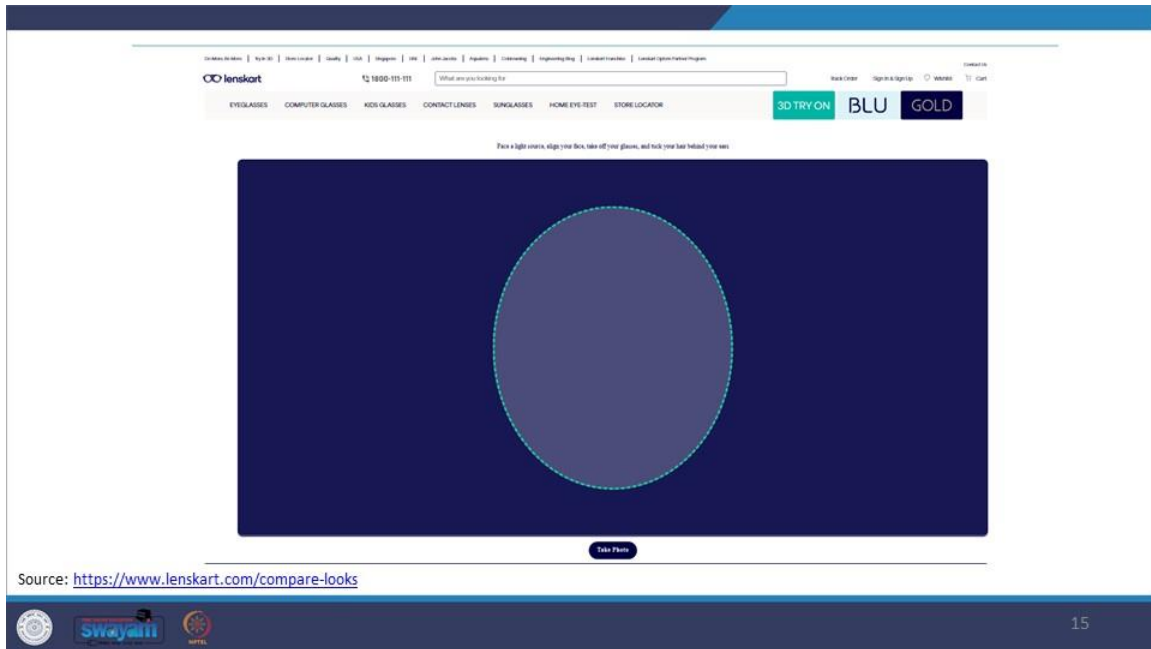
Now as far as India is concerned even players like IRCTC are using AI based chatbots to cater to the needs of customers. If you look on the snapshot which is being presented on the slide you will be able to see the AI chatbot which is called as AskDisha.

Now if you look at it she is asking how may I help you today now you can log into your queries regarding the status of train from one station to another and you can also look for another information which can be related to enquiring about field bookings, popular tourism packages, filing TDR for cancelling ticket, checking for the PNR status, checking for the details of my passengers, changing boarding sessions and all these things. Now one benefit of using definitely chatbots is that you allow customers to kind of get answers to their queries on their own or may be as per their comfort and it also helps you to minimize the load which otherwise was earlier on the human service staff which was tackling all these issues or complaints.


**Augmented Reality (AR) and Virtual Reality (VR):** AR and VR technologies are transforming the retail experience by allowing customers to virtually try on clothes, visualize furniture in their homes, or experience immersive shopping environments. These technologies enhance customer engagement and reduce product returns.

Now another exciting facet which can be looked at from the perspective of offering best of experiences to customers is about augmented reality and virtual reality. Now AR and VR technologies are being used on a very fast pace by the retailers to offer a very heightened evaluation experience to shoppers. See earlier even if you look at online channels you were not able to actually diagnose how the product looks or let us say even if it is a piece of furniture how it is going to look in your room or even in terms of let us say if it is about clothing in terms of the texture and exact colour of the clothes.

So it is precisely on the basis of AR and virtual reality that the retailers are able to offer very immersive experiences to the shoppers and these technologies definitely take customer engagement to the next level because they also have an element of hedonism or a sense of enjoyment which was earlier missing.



Now one example of this AR VR mechanism which is being used by the retailers to offer fantastic sales experience is of Lenskart. So if you log into their website you can see a tab which is all about 3D try on. So when you log into this you can take a picture of yours by using the camera and you can see which eyeglass will look better on you as far as your face cut is concerned. So you can imagine how this is taking the element of diagnosticity or evaluating how the product is going to be fit for you to the next level.




**IKEA launches IKEA Place, a new app that allows people to virtually place furniture in their home**

Published: 12 September 2017

IKEA announces the launch of IKEA Place, an augmented reality (AR) application that lets people confidently experience, experiment and share how good design transforms any space, such as a home, office, school or studio. From sofas and armchairs to coffee tables, all of the products in IKEA Place are 3D and true to scale so that every choice is just the right size, design and function.

<https://www.youtube.com/watch?v=UudV1VdFtuQ>

Source: IKEA Official Youtube Channel



**IKEA**

269K subscribers

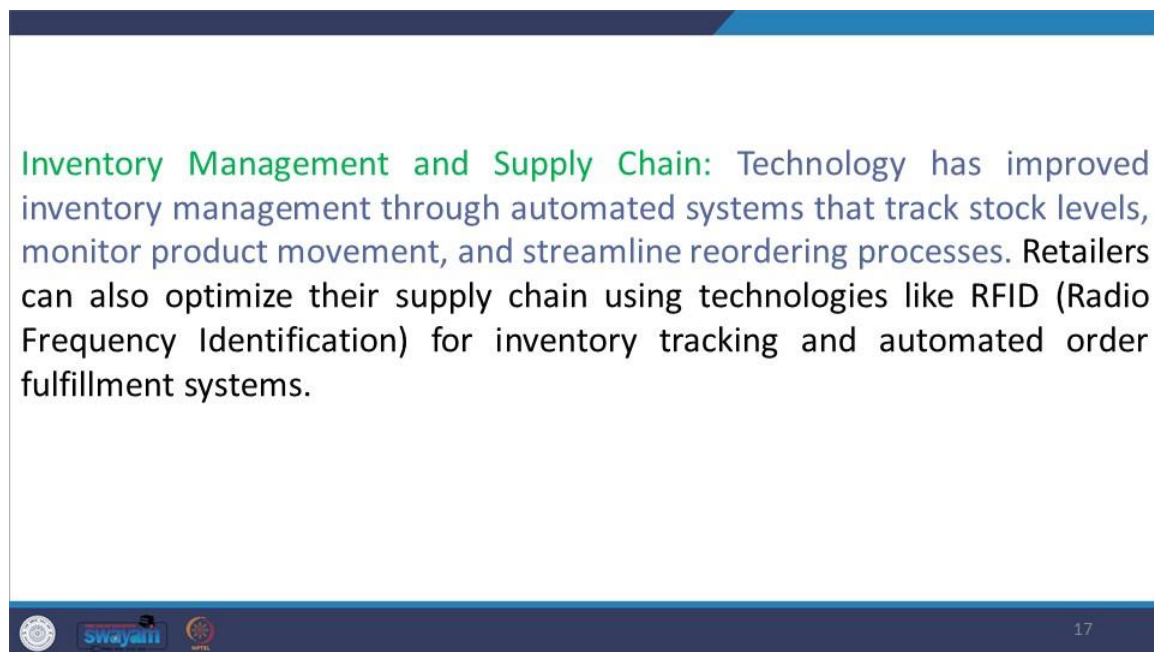
Source: <https://about.ikea.com/en/newsroom/2017/09/12/ikea-launches-ikea-place-a-new-app-that-allows-people-to-virtually-place-furniture-in-their-home>



Now another best example which can be definitely considered in this case is of IKEA. IKEA has launched an app which is called as IKEA Place and this allows people to virtually place furniture in their home. Now considering this fascinating feature or an app we will be first looking at this video and then we will be moving forward and this has been derived from the official YouTube channel of IKEA which you can also visit to look at their other exciting products as well as to decode how they are building around the retail experiences for their shoppers.

*Built on Apple's new ARKit you can easily place 2 to scale 3D models of IKEA furniture in your place. Scan Browse Select Move And Place So that could mean less of this. And less of this. And probably more of this. We want to make it easier for people everywhere to imagine a better place. Share this place And this place Try Place in your place.*

Now the another exciting facet which can be aligned with technology and a retailer performance is definitely inventory management and supply chain.



**Inventory Management and Supply Chain:** Technology has improved inventory management through automated systems that track stock levels, monitor product movement, and streamline reordering processes. Retailers can also optimize their supply chain using technologies like RFID (Radio Frequency Identification) for inventory tracking and automated order fulfillment systems.

17

Now these both are key important factors while supply chain helps to make sure that the products are made available at the right time or delivered at the best possible time to the customers.

Inventory management helps in avoiding the opportunity cost of going through the no stock or no availability options. So considering technology and in view of inventory management and supply chain it helps in improving the inventory management through the automated systems and helps track stock levels and monitor product movements and eventually helps in streamlining reordering systems. Retailers can also optimize their

supply chain using technologies like RFID which is radio frequency identification for inventory tracking and automated order fulfillment systems. As I just said these two are very important facets to make sure products are delivered to the customers at right time as well as at right place as well as in the right places as well.

**Robotics and Automation:** Retailers are using robots and automation in various aspects, including warehouse operations, order fulfillment, and customer service. Robots can perform tasks such as picking and packing, shelf scanning, and providing customer assistance, improving efficiency and reducing costs.

<https://www.youtube.com/watch?v=LscylAtY98>  
U

Source: Official Youtube Channel CNBC  CNBC  3.02M subscribers

   19

Now to enhance your understanding on the facet of robotics and automation I have retrieved this video from the official YouTube channel of CNBC which basically highlights how robotics and automation are being utilized in the retailing industry.

Now when you look at this video you will be able to see how robots are taking the images of sales and which are being uploaded to the cloud and then these are precisely being utilized for checking if the prices have been misquoted or wrongly written by mistake to check what's in stock and also to see what's in wrong position or if certain products have been placed wrongly. Many times you will see when even customers come to the retail store they will pick up something at from one place and keep it on another place. Now just imagine if it is a very large store and you have a lot of customers or the foot fall is very high how much time of the human resources will go in arranging these. So in best of the retailing systems this is being automated. So now please have a look at this video and if you have any of your views to share please get back to the forum and we'll be happy to read your views on this.

*Outfitted with cameras and sensors, this autonomous robot is verifying price signs and looking for out of stock items. These cameras on the side are capturing images of the shelves that are then uploaded to our cloud environment to determine what products are out of stock, what's mispriced, what's in the wrong position. Inventory is one of the*



*biggest challenges retailers face. Mis-sales from empty shelves and out of stock items cost*

*U.*

*S. retailers \$82 billion in 2021 or about \$1.6 billion a week. So this would tell us that the Snickers is low and we probably need to get more Snickers dropped from our back stock and brought out to the floor. Almost half of retailers said out of stock items were their biggest challenge in fulfilling customers orders. Retailers are spending a lot of money to know what's coming into their stores through their inventory systems.*

*They know quite a bit about what they're selling and that are leaving their stores. But in their stores on a daily basis, they don't have a very good model of what's actually happening on their shelves. But an army of inventory robots is being deployed that would help retailers appease angry customers, boost sales and respond to the ongoing worker shortage. Almost 900,000 retail jobs were unfilled at the end of November 2022. The retail industry employs more than 30 million Americans.*

*Retailers are competing in a very tight labor market still, and they're often having trouble filling jobs that are more physically intensive, like packing a box or refilling a shelf. So instead, they're using robots in some cases or automation to fill those types of tasks and having people do skills that use their brain, that use some of the skills that a robot would have a harder time replicating. These robots are really going to help brick and mortar to evolve and capture sort of the new market where you can order online, pick up in store. The inventory robot market is a \$34 million industry. Other companies in the space include Simbi Robotics and Bossa Nova Robotics.*

*So what impact will inventory robots have on U.S. retailers and the livelihood of its workers? Keeping shelves fully stocked has been a fulltime job for retailers in recent years. Fewer truck drivers, higher fuel prices, supplier issues, severe weather and changing consumer preferences have caused a shortage in everything from toilet paper and eggs to baby formula.*

*The baby formula shortage is getting worse. Grocery store shortages are back again. Tonight, empty shelves lining more stores nationwide. Some retailers complaining product shortages are becoming as bad as they were at the start of the pandemic. An out of stock item is when a shopper leaves a store without purchasing what they intended to buy. The product could be in a warehouse, in a different aisle or on the shelf, but blocked by a sign or display.*

*The biggest challenge that supermarkets have today is out of stocks, being able to really handle how to get inventory on the shelves. That's their number one challenge today. While some issues are driven by supply, demand is also an issue.*

*The rise in pet ownership in the U.S., for example, led to shortages for products like food for dogs and cats. About 23 million American households adopted a pet during the pandemic. And the problem isn't necessarily a new one. A key component of retail operations is having the correct amount of inventory on hand and making it available to shoppers.*

*On average, for every dollar U.S. retailers make, they have a \$1.35 worth of inventory in stock. In the old days, 20, 30 years ago, the way of reconciling our data with our reality was to do physical counts. We would send people down the aisles and they would physically count.*

*We have six of this item, two of this item. They'd be punching it into a handheld device and it would be flagging anything that was mismatched. This could take weeks. Not having a product available for purchase, while frustrating for a customer, is potentially disastrous for a retailer. Out of stocks cost retailers not just the loss of the initial sale, but in some cases the loss of a secondary sale and potentially the loss of customer loyalty. Confronted with an empty shelf, 20 percent of consumers said they postponed their purchase.*

*10 percent went elsewhere and 16 percent shopped online. Excess inventory in some cases is an even bigger problem. Surplus inventory is when a retailer has too many products on hand, like a glut of winter coats in the spring or an oversupply of patio furniture in the fall. In many cases, those products need to be heavily discounted. If we've invested all of our money in purchasing a product that doesn't actually sell, we typically see retailers having to sell it off below purchase cost.*

*So they've lost money on it. But more importantly, they've lost opportunities. Often if it's truly surplus, it has to be either thrown away or salvaged. To help manage their inventories, a growing number of retailers like Sam's Club and BJ's Wholesale are turning to robotics and automation to beef up their operations. Inspecting store aisles has historically been the job of retail workers who check inventory, verify price tag compliance and maintain the ideal state of the store. When done by a human, the job is laborious, costly and not always entirely accurate.*

*Based in San Diego, California, BrainCorp got its start in 2009 as a research project for Qualcomm. Before moving into inventory scanning, it first developed self-driving technology for floor cleaners. We looked at an application where there was a really high labor component and a very repetitive, sort of the typical robotics, dirty, dangerous, dull task. And that led us into the cleaning industry. With just 50 machines deployed in 2017, the company raised \$114 million in funding led by the SoftBank Vision Fund.*

*Today, it has over 26,000 robots in schools, airports and hospitals. We started looking in that retail space and trying to find what are the other problems that our robots may be able to solve. In 2022, Walmart-owned Sam's Club expanded its relationship with BrainCorp, adding inventory robots to its 600 stores. The dual-purpose machines, manufactured by Tenet, use technology by BrainCorp to move autonomously through the store, cleaning floors and acquiring data along the way. Robots like this one have as many as five cameras used to scan store shelves, as well as 3D cameras to assist with navigation.*

*Customers purchase the physical machine from a third-party manufacturer and pay a monthly fee for the software. The software subscription for a cleaning robot is in the hundreds of dollars per month. The inventory scanning is a little more. We've got four cameras on the side that would be facing the shelf as it's navigating down the aisle to scan it. And we've got another camera on the far side to be able to look upward at what we call reserve steel, sections of the retail stores that have their products on the uppermost shelves.*

*All that information is uploaded to the cloud. And it's in the cloud where we really have the intelligence layers. So that's where we have models that are trained on making sense of the images, understanding that that snickers. And this is a jelly bean, for example, but also the price sign information. For retailers that are adding inventory robots, one of the advantages is they also are collecting a lot more data about what customers do and don't want. By monitoring inventory, they're not just making sure the shelves are full.*

*They're also getting demand signals on what's selling and what's not. And that's one of the things that retailers often struggle with. A stock keeping unit is an alphanumeric code a retailer assigns to a product to distinguish it from one another. A Walmart superstore, for example, can have more than 100,000 SKUs compared with a supermarket that has about 30,000 SKUs. Inventory robots benefit retailers in other ways, too, like freeing workers to perform other tasks and potentially lowering labor costs.*

*More than a third of U.S. retailers say staff shortages are their biggest challenge. Now, before the scrubber, all of this was manual. It required associates to go out, scan it into the location, count how much is there, tag in where it is, etc. So what this scrubber is allowing us to do is take all this mundane, really routine work off of our associates. For example, if a grocery chain with 425 stores had an employee at each location making \$15 an hour who counted inventory for two hours each day, removing that one task could save the business more than \$4.*

*6 million annually. This is where the robots can help out being able to do this consistently on a daily basis. They don't call out sick. They don't get tired. They're ready to run on a daily basis.*

*The median salary for a retail sales worker is \$29,000 a year. More than 50 million U.S. workers quit their job in 2022. I worked in a small grocery store. So if you were assigned the baking aisle, you were walking down, physically counting how many little bags of chocolate chips were in that bin, how many of each kind of jello.*

*It was extremely time consuming. It was very frustrating. The precision at which you capture the data is just much higher than a person can do. Based in San Francisco, Sinbe Robotics got its start in 2014. The following year, it launched its autonomous inventory robot, Tally. With more than a dozen cameras, Tally scans between 15,000 to 30,000 products per hour, taking roughly two hours to scan a supermarket.*

*BJ's wholesale added Tally across its 237 locations in 2023. On top of inventory robots, warehouse robots are on the rise as well. Amazon launched its first fully autonomous robot, Proteus, over a decade ago. Today, the e-commerce giant has more than half a million warehouse robots worldwide. The warehouse robotics market was valued at \$9.*

*8 billion in 2021 and is expected to reach \$23 billion by 2027. A similar expansion of inventory moving robots could be coming to brick and mortar retailers. I would envision the move category thinking about moving products within commercial spaces is on a horizon, I believe, within the next five to 10 years. Because those associates walk all day long picking orders for our members. Well, if we could find a more efficient way to actually bring the inventory to them or bring the order to them and then they can just, you know, get it ready for the member, we'll be faster, we'll be quicker.*

*We might even be more accurate. Brain Corp rolled out its autonomous delivery tug in 2020 to move inventory from the warehouse to the store shelf. However, the company found the robot in its current form was too large for many retail environments and said further development was needed. It's not mature and it's still emerging within the public space for move. So we've done some prototypes and some testing and piloting with tug product or with move products within those spaces. I'll say that we're ready to move into that space and capture that market with partners as it sort of emerges.*

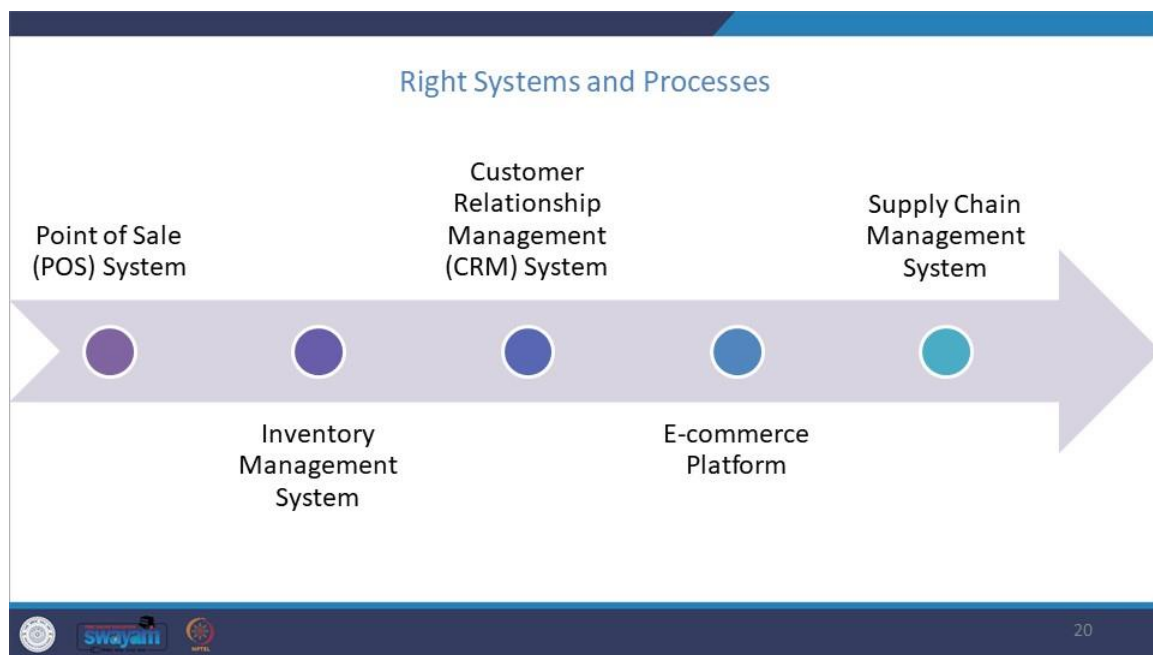
*Everything is the biggest challenge in robotics because everything about it is hard. From the hardware to the motor control to working with the sensors to making everything reliable. Despite those headwinds, robots could soon be a common sight at grocery stores and big box chains nationwide. The ability to now have a robot simply roll down*

*that aisle and collect that information on an hourly basis or even just a nightly basis is an enormous benefit to retailers who really do need that information.*

*What robots can bring to the table is just consistency. They will run every day. They will run up and down all the aisles. They don't miss things by accident. In general, retailers are trying to become more sophisticated about tasks that they use people for and instead turn to robots that often can do these jobs more efficiently at a lower cost. And that may mean people are doing different jobs or that may mean that there are not roles for as many people.*

We just had a discussion about how technology can be best utilized by the retailers to offer best experiences to the shoppers.

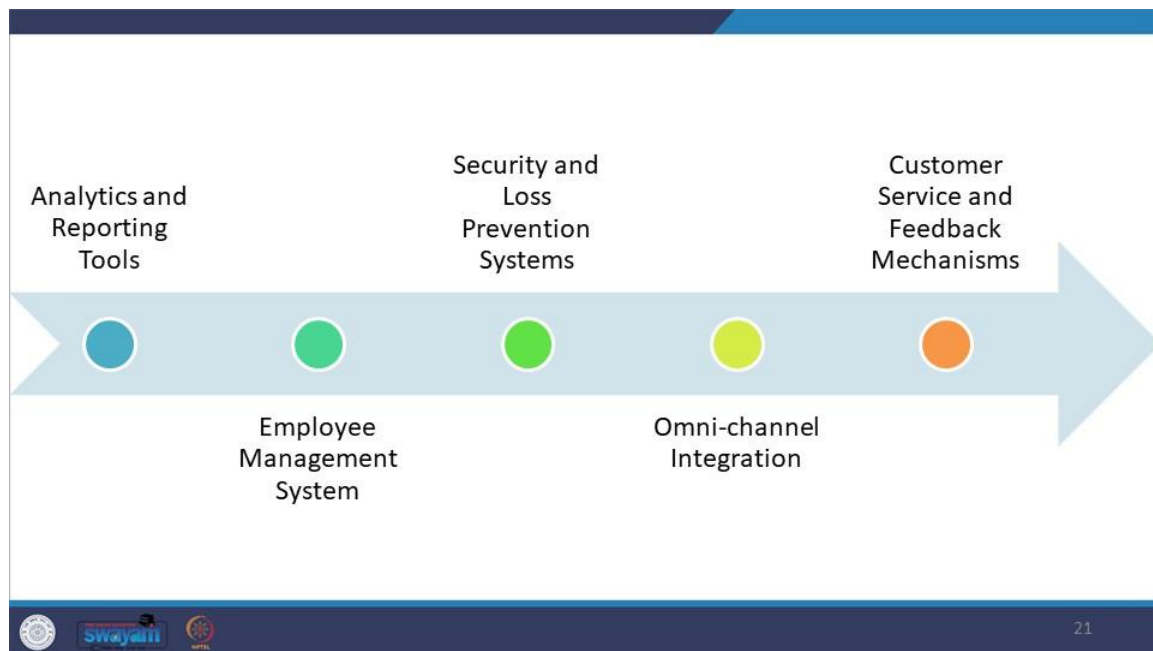
Now, we'll be looking at the best systems and processes that a retailer needs to have. So, there is definitely going to be an overlapping with respect to how technology can be utilized. And as far as the same aspect in context of right systems and processes, like the first one is indeed about point of sale systems we have already discussed.



Then the next is about inventory management systems, which a retailer needs to have in place to make sure that the cost can be minimized and right products can be delivered to the customers at right prices and at right time. Then we'll be focusing on customer relationship management systems where the whole idea is going to be about working towards building strong relationship with the customer. See, if you have three retailers who are offering identical products at same prices, then only that customer is going to win the battle who will be focusing on relationship management.

And finally, as far as right systems and processes are concerned, retailers might also be required to have their own e-commerce platform. Let's say maybe their own website or their mobile app to reach out to the customers or a larger audience who could only be comfortable purchasing online. Then they also need to have right systems as far as supply chain management is concerned. They also need to have systems and tasks for analyzing and reporting tools, which means, let's say, if you have retrieved a lot of data from your point of sale systems, you also need to utilize for digging in rich insights as far as the understanding of consumer behaviors, considering their preferences, changing trends is concerned. So this is only going to be possible when you have intact analytics and reporting tools in place.

In other ways, you can also say this is more like having a retailing intelligence system where you can actually monitor and track how the environment is changing, how the consumer preferences are changing, or even with respect to the minutest of details, like, let's say, their payment preferences and all other facets.



You also need to have an employee management system in place, which is all going to be about tracking, let's say, schedules of employees, their salaries, if any bonuses that they need to be paid, their attendance on regular basis and other important parameters which could be required for managing employees at a retail store or a retail establishment. Now, another facet is again aligned with security and loss prevention systems. In this, we need to understand the facet of shoplifting. Shoplifting means the people who come to store, but they lift or maybe you can say steal your products.

This is technically called a shrinkage and you'll be surprised to know at one point of time, India was ranked amongst the top nations as far as shoplifting behavior of the customers was concerned. Then finally, you also need to have systems in place for omni channel integration in which the idea is all about offering a seamless shopping experience to the customers by integrating all the touch points that you have, be it online channels, offline channels or some others. And finally, you also need to have a very robust and best system for customer service and feedback mechanisms. The whole idea is to utilize the feedback for improving the services as far as customer interactions and experiences in stores are concerned.

So all this has been presented in detail in slides. You can go through this and if you have any questions, you can definitely come back to us. So please go through the content which has been provided in slides.

**Modern Retailing Environment Snapshot**

- Emergence of New Retail Formats :** Bookstores or coffee shop or coffee shops with Bookstores, Stores with no cashiers: Collect and Go
- Massive Growth of Giant Retailers:** Walmart, leaving no space for small retailers to operate on their own, Likewise Metro Cash and Carry, Jio Mart vs. local grocery stores
- Growth of Intertype Competition:** Who is Big Bazar competing with?
- Decline of Middle Market Retailers and Emergence of E-tailing**
- Growing Role of Technology :** Click and Collect ordering systems, Geo-fencing, Delivery through drones

swayam 32

In case you have any doubts, please feel free to get back to us. And this slide precisely presents the modern retailing environment snapshot, which is all about.

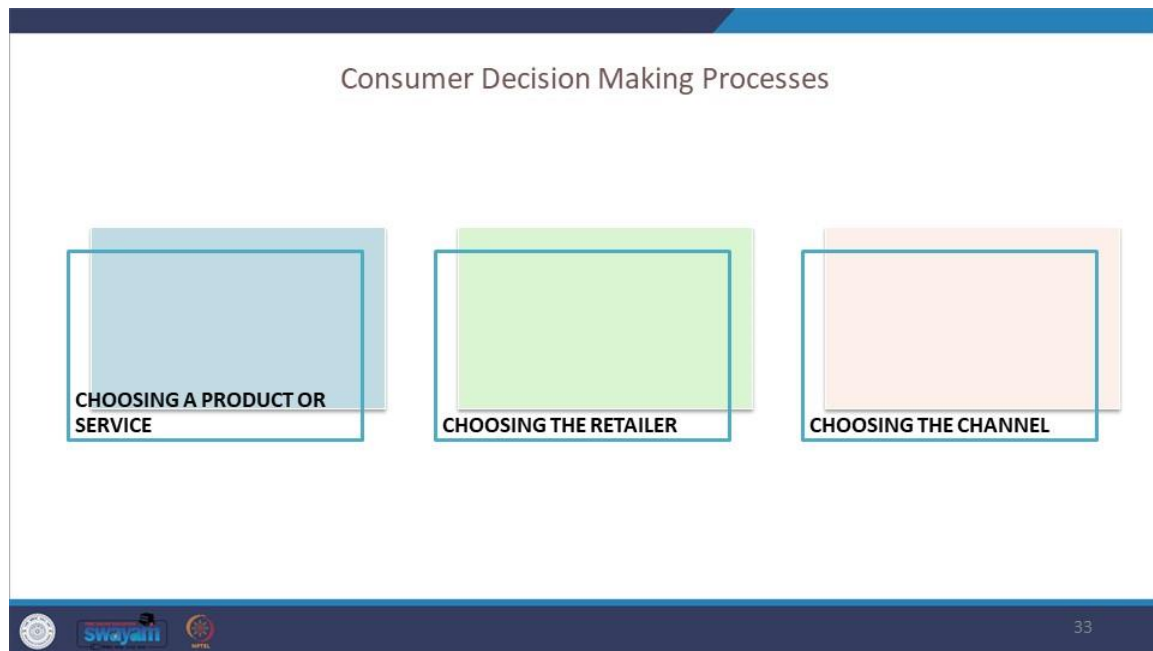
We'll all see the emergence of new retail formats. You might see bookstores or coffee shops or a combination of both. We have also seen some videos on stores which don't have any cashiers, right? So this is one of the facets of new retailing formats. Another is we'll be seeing the massive growth of online retailers. We all know how Amazon is making it difficult for the small retailers to survive.

Or how Geomart or Smartpoint are making it difficult for local grocery stores to survive. So there is definitely going to be a big war, whereas on the losing ends, we can precisely see small stores who might not be able to adapt with respect to the technology and also

with respect to offering those services or price benefits to the customers. We'll also be seeing the growth of inter-type competition. If you remember, we had discussed in brief about the facet of competing on the basis of time, which means eventually where will be the consumer spending his time. And if you recollect, I shared the example of entertainment industry. If you have two hours, either you can go to a theme park or you can go for a movie experience or to a movie theater, as we usually do.

Or you might even sit at your home in your comfort and might watch anything on OTT platform. And that too, you have so many options. You might use Amazon Prime, Netflix, Disney, Hotstar, Zee5. So just imagine on what multiple levels the retail service providers are competing. And likewise, we'll also see the decline of middle market retailers and emergence of retailing. And the best example is Lenskart, who has eventually removed a lot of middlemen with respect to providing classes to the customers.

And finally, the technology is going to be at the center. And in the same module, we had discussed a lot about this.



Now, in the end, we get to the most important element, which is about understanding consumer decision making processes. Now, as far as a retailer is concerned, this can be understood in three paradigms. One is choosing a product or service.

Other one is choosing the retailer and the third one is choosing the channel. Now, I'll give you a brief about how this works. See, today the market is flooded with a lot of options. If you want to buy a pair of shoes, you have so many brands. So one fight is definitely going to be about understanding which product and service are offering



consumers prefer and why. You might have a segment of consumers who might prefer Woodland shoes as compared to the Nike shoes, and they will have their own set of criteria.

So this is again one thing which will be understanding how consumers buy with respect to the offerings which are available in the market and even understanding the role of psychological field with respect to the choices that consumers make. Now, the second thing is going to be about choosing the retailer. Let's say if you want to buy a pack of chips and there are 10 grocery retailers in the vicinity where you are living. Or maybe let's say you want to go for grocery shopping in general.

There could be five, six retailers in the same place. Now, which retailer you are going to pick up is again going to be an important facet. Everybody is offering the same products, maybe at similar price points. Then who amongst these is going to win the battle is again going to be an important discussion point. And finally, which channels consumers choose.

I might decide to go for an online channel with respect to buying an air conditioner. Likewise, as compared to a certain segment of people, you will see they'll be only comfortable buying at an offline store. Now, this is again an important thing which we'll be discussing why certain consumers prefer online channels and why some people prefer offline channel. This is definitely going to be different for different product categories and also with respect to the understanding of search and experience products. Which again becomes a very important discussion as far as the online and offline retailers are concerned. So, considering the today's session, I hope you really enjoyed learning about how technology lies at the fulcrum of any retail establishment and how it can be utilized best to offer fantastic consumer experiences.

Apart from that, I also hope you gained at least brief perspectives about understanding consumer decision making processes as far as retail dynamics is concerned. And I'm also assuming that you got some very insightful perspectives on the video which was based on robotics and automation. So, looking forward to meeting you in the next session. Good luck for now. Thank you.