



Technology in Retail 2018:

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GRIP REPORT by Elias Amash

TECHNOLOGY IN RETAIL 2018

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Emerging technologies continue to reshape retail and provide new solutions to interact with customers, build your brand and improve your sales. Technology helps you to understand your customers on a deeper level while at the same time providing customers with convenience and making their shopping experience faster, easier and more enjoyable. Retailers are already making significant investments in tech: After spending over \$10.5 billion, Walmart became the world's largest technology spender in 2015.

"Technology integration is the only way to fulfill promises to the consumer," noted Lila Snyder, president of global e-commerce at business

solutions firm Pitney Bowes. "Retailers are not technology companies. They look to partners to help them with the tools and capabilities and technologies that they need...We're going to see more and more retailers tapping into technology partners who can help them. Retailers who are incredibly nimble at integrating those technologies will be winners."

The big change that makes all this technology happen is the development of software that can look at video and data together and make human-like decisions instantaneously. That's what enables stores to see what customers are looking at, what they pick up, what they put back down, what they want and what they walk out with. Combined with artificial intelligence and other information about customer habits, stores will be able to discover what works and what doesn't. They can avoid the big mistake of manufacturing or purchasing products that don't sell and communicate with customers sooner and faster about the products that they will like!

In January, 2018, the retail industry flocked to New York City for the National Retail Federation (NRF) Big Show. The conference brought together retail industry professionals from all over the globe to learn about the latest retail trends. What technologies did the NRF say we are going to see more of in 2018?

ARTIFICIAL INTELLIGENCE

Artificial intelligence (AI) has taken the retail world by storm. The sheer market size of AI software and systems, which is expected to reach \$35,870 million by 2025 (Grandview Research), and the opportunities it opens are causing retailers to pay serious attention to AI. They are applying AI in new ways across the entire product and service cycle – from assembly to post-sale customer service interactions.

AI systems help increase ROI and marketing efficiency by revealing certain data that would otherwise be invisible. Those insights then power better personalization and segmentation to speak to the customer wherever they are in their purchasing journey.

AI is really an overall term for three distinct competencies: machine learning, natural language

Some of the most important benefits of retail technology are:

- Streamline store operations
- Increase customer loyalty
- Better employee management
- Make your in-store experience irresistible
- More effective competition against e-commerce retailers
- Give customers a lot of different ways to buy from you

Some ways in which AI is being integrated into retail:

- Sales and CRM Applications
- Customer Recommendations
- Manufacturing
- Logistics and Delivery
- Payments and Payment Services

ROBOTICS

This year, we are going to see the use of robots in retail expand beyond the supply chain, and perhaps into aisles and checkout counters of brick-and-mortar stores, and maybe even into home delivery.

Lowe's is already in the midst of rolling out a customer-helping robot into its 11 stores in the San Francisco Bay Area. The retailer's Lowe's Innovation Labs unit worked with Silicon Valley start-up Fellow Robots on the LoweBot.

CONNECTING ONLINE AND PHYSICAL STORE

Retailers like Macy's are still hot on 'omnichannel retail,' the term used to describe how retailers connect online and offline shopping behaviors. Macy's continues to experience the importance of "buy online, pick up in store" (BOPUS). Management believes physical stores are not going away and that now and, in the future, customers will want the option of coming into the store to try on jeans instead of buying three different sizes online and having to return them through the mail or other delivery system.

LEVERAGING AMAZON ALEXA, GOOGLE HOME AND OTHER VOICE ASSISTANTS

How does Alexa help you buy coffee?

First, she waits for you to describe what you want. Then, she searches through hundreds of thousands of items in a few moments, and asks, "OK, Starbucks Kuerig K-Cup variety pack. It's \$35.98. Should I order it?"

The use of virtual assistants (Alexa, Google Assistant and Apple's Siri) have grown at a rapid pace. It is expected that the market will reach \$12 billion by 2024, largely due to new functions, including shopping. "Virtual assistants are transforming the standards of how consumers expect their day-to-day questions to be answered", said Eli Campo, CEO of Nanorep, a company that specializes in bots for e-commerce companies.

"To keep pace, retailers of all sizes need to be thinking about how they can implement their own virtual assistant technology," Campo said. "This doesn't just mean putting a bot on your website, but strategically identifying how this technology can improve customer relations."

MOBILE TECHNOLOGIES

Studies show that 84% of all customers use their mobile phones while shopping. Mobile devices allow them to locate local businesses, find deals, and get information on products. Due to this change in the way people shop, retailers now have an opportunity to connect digitally with their potential customers.

Mobile applications help drive online sales and are also helping to drive in-store traffic for brick-and-mortar

processing and optimization. Machine learning sees patterns and makes connections in large groups of data that would take too long for humans to recognize them. Typically, machine learning must review a lot of data before it can make a good "guess" about what it has learned.

1-800-Flowers.com uses AI to interface with Alexa, Google Assistant and Facebook Messenger, many of which need no human contact at all. The company believes their job is to make ordering flowers easier, so they're committed to being wherever the customers are. If they use voice, 1-800-Flowers is there. If they want to use Facebook Messenger, 1-800-Flowers is there.



retailers. It can be dangerous however, because once in the store, shoppers could take out their phone and search for coupons or cheaper products online (and leave without a sale). This demonstrates the need for the brick-and-mortar retailer to make sure they are offering top-notch in-store customer service. In addition, the store owners can use a retail point of sale technology to prevent long lines at the cash register.

CONCLUSION

Advances in technology are shifting the consumer mindset and behavior. The application of retail technology allows merchants to quickly adapt to today's ever-changing retail environment. Through a combination of AI, mobile technologies, robotics, virtual assistants and other emerging technologies, retailers can improve the online and offline experience for customers, ultimately leading to improved customer relationships and increased profits. What are you doing to increase your technology in 2018?

About the Author: Elias Amash, President of GRIP, is an industry veteran with more than 25 years of experience in global sourcing, manufacturing, distribution, retail merchandising, fulfillment, marketing, technology, and operations. He is a trusted partner to hundreds of retailers and has "leveled up" the industry with GRIP's undying commitment to offering only the highest levels of service to its customers. Amash has recently published his third business book, **The Future of Retail** which is available on Amazon. He is also the author of *Importing from China: The Good, The Bad, and The Ugly*, and *101 Bright Ideas: Winning Tactics to Increase Retail Sales*. Be sure to preorder his next business book: *Retail Survival: Who Lives, Who Dies and Why*. (See below)

About GRIP (Grand Rapids Innovative Products)

GRIP was incorporated by Charles Amash in 1980 and has grown into one of the nation's top suppliers of innovative products to the retail industry. Located just south of Grand Rapids, Michigan, GRIP features a 200,000 sq. ft state of the art warehouse facility including a 2,000 sq. ft product showroom. GRIP carries a product line of over 1,000 specialty hand tools, automotive, cargo control, Goodyear Air hose, LED lighting, Magnetics, outdoors, household items, and general merchandise. GRIP has a proven track record of excellence in supplying retail clients with innovative products, timely fulfillment, and world-class customer support. At GRIP, everything is about earning your business...one customer at a time. It's about building relationships and fostering business partnerships that will last long into the future. Our goal is to have Customers for Life. The future at GRIP is exciting and we're hoping that you can be a part of it as one of our many Customers for Life. Learn more at www.whygrip.com.

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