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A practical guide for retailers on riding the disruption wave

By Siju Narayan

With the number of retail players going up dramatically, the business of retail has become very competitive. To further complicate matters, the consumer expectations have changed because of the Internet. Like it has done to all businesses, the Internet has practically disrupted the retail industry — in India and across the world. Thanks to the internet:

1. E-commerce as a business has taken on a near-vertical, north bound trajectory. E-commerce has redefined the business of retail most often re-writing all the old rules of business.
2. New technologies sprouted at the speed of thought – across domains and complexity levels (IoT, AI, ML).
3. New business models took birth (Uber, Aribnb, Facebook, Alibaba – to name a few).
4. Most importantly, consumers truly became empowered. Online channels & devices, and the rise of social media and penetration of smart phones, ushered in an era of 'always connected' consumers who are more informed, instinctive and influential than ever before.

The Internet and the deluge of associated technology innovation essentially meant that, to survive, an existing enterprise had to undergo digital transformation at multiple levels. Now, the concept of digital transformation is often the elephant in the room, leading to either huge, big-bang exercises or the other extreme—a thought paralysis that kills the business. Simply put, digital transformation is the process by which an enterprise:

1. Understands, acknowledges and measures the impact of digital forces acting on it — both on the demand side as well as the supply side
2. Builds a customer-centric business roadmap to fundamentally embrace the new dynamics
3. Revalidates and rejigs its technology infrastructure so that it can engage with customers in a seamless manner, enabling the reimagined business roadmap.

While this may appear intimidating, it really isn't so. Besides, there isn't really an alternative! Before one embarks on such a fortune-altering exercise, a retailer needs to remember a few things:

1. Every business is unique. Even within the same category and the same catchment.

2. One size will not fit all. What works for the neighbour, in all probability, will not work for you. Or what worked for a same-category market leader in the US will not work for you in India.

3. You will have to redesign your business strategy around your consumer—or set of consumers. Consumer engagement will have to be the pivot on which your business reimagines itself. Reimagine customer engagement and relationship management: Think beyond just transactions.

4. Rethink and redesign your data strategy. Work towards making sure you have hi-fidelity data,

5. You will have to invest in technology that can help you achieve your business objectives. And if you already have legacy technology, depending on your consumer-centric strategy, you will have to redefine and re-architect the technology landscape to help you exceed the new, pampered consumer's expectations — across ALL the channels she interacts with you on. You have to be omni-channel ready.

6. It always pays to engage the services of an expert who has an in-depth idea about the industry and is worldly-wise about digital-influenced interventions that worked…more importantly about those that didn't! It pays to always have the Big Picture in perspective.

Once ready to embark on a digital transformation journey, there are essentially these 6 steps to go through (I believe an exercise like this is like going in for a heart valve replacement surgery – I will draw parallels at appropriate places):

1. Brainstorm and reformulate your view of your customers. Who are they? What clusters do they belong to? What behaviours do they exhibit – across the entire purchase journey? Build those three or four distinct customer personas that define your segments. (Understand the condition of your body – the impact of the changing environment; of age; of lifestyle. Baseline your health condition.)

2. Map the entire customer journey — from awareness/ research (identify need) to engagement (the evaluation process) to transactions (acquiring the product or service) to customer success/ service (onboarding, service & support) to advocacy (loyalty) for each of the personas. (Go through a battery of tests to map out your body's and heart's capabilities.)

3. At each of these touchpoints, identify the enterprise department that will be involved to make it a positive engagement. (Understand and isolate the parts that need correction – maybe the heart valve is not functioning properly.)

4. Next, identify the technology components/infrastructure needed at each of these touchpoints that will contribute to rendering the engagement seamless and positive. (Deliberate with your cardiac

surgeon and decide on the way forward – maybe the best option is to do the valve replacement.)

5. The most important part comes after you have drawn up the list of technology interventions. I have seen successful enterprises adopt the following approach thereafter:

   a. Redraft the Big Picture – both from a technology perspective as well from a manning perspective. (Build the full plan. For pre-surgery, the surgery itself and post-surgery.)

   b. Looking at the big picture and the technology interventions needed, develop a phased deployment/adoption approach. Tier the technology adoption on the basis of need (urgent or can be taken up in six months or oh-we-can-wait-a-year-or-more). This is important to stagger investment as well as to be structurally ready (many enterprises underestimate this part) to execute on the technology led transformation plan.

   A big-bang approach across multiple technologies and across multiple disciplines in an enterprise puts unprecedented pressure on the multi-hinged enterprise. (Maybe both valves need to be replaced – though one is at a significantly higher risk than the other one. The relatively better-off one can do with conservative management for the time being, while the rogue valve can be replaced. The body can handle this better.)

   c. If you have a legacy infrastructure in place, figure out what you need to retain and what can be done without. Thence, always keep an eye on the part you retained to make sure the 'new technologies' you adopt sits in fair and square into the existing piece — unless of course the new technology is so crucial that you don't mind even if it sticks out like a sore thumb. In most cases, the legacy infrastructure inventory will get displaced and shaken around rudely to accommodate the newer technologies.

   The key is in identifying the impact and creating a plan to mitigate the risk of disruption. (The heart valve, being a foreign body, will take time to adjust to the rest of the body. It will need anti-coagulants to ensure blood does not clot on contact. Many other medications could also be needed. Decide on the dosage and the frequency of these medications.)

6. Last but not the least, put in place an internal governance programme that keeps a hawk's eye on the interventions effected and the big picture. This is important to correct course if necessary. Also, be forever ready to alter the course to manage newer realities as they come up. (Regular check-ups and diagnostic tests are mandatory to ensure the heart valve is accepted by the body well and to identify issues & further interventions, if any.)

We live, as experts contend, in the #AgeOfTheCustomer today. Thanks to a fast-changing technology landscape augmented by the growth of devices, retail is perennially disrupted. In such a scenario, retail enterprises need to get SMART to leverage technology and thus, ride these waves of disruption. And for me, SMART stands for Selecting Modern, Adaptive & Relevant Technology that helps a business achieve its strategic goals by perfectly aligning brand promise to consumer expectations. So get SMART and be successful!

Siju Narayan is a veteran of consumer & retail sales and marketing in India. Having worked with blue chip Indian and multinational corporations, he has gained expertise in managing various aspects of the demand and supply chain. He has been involved with providing retailers consulting and technology solutions that help land their business plans. Currently, he is GM-APAC, Loyalty Juggernaut Inc and a member of RAI Technology Committee.