

# Technology: Changing the Future of Indian Retail

**Going forward, technology like 'AI' will be further used to get an integrated view of consumer behaviour. Preferences obtained from store and non-store-based sales and marketing channels will allow retailers to offer personalised and consistent experiences and will facilitate the seamless switch between channels**

– By Ina Dawer, Research Manager at Euromonitor International

**T**echnology has always played a major role, creating a massive impact in reviving the retail industry, bringing it renown and repute. It is assisting retailers to become highly-equipped and advanced in the way they enhance the experience for consumers.

## The Industry Growth

As per Euromonitor International's recent retailing research, the market size of Modern Grocery Retailers in retail value sales at current prices (including inflation) was ₹603 Billion in 2017. Modern Grocery Retailers grew at 13.2 percent in 2016-17. The category is forecast to grow by CAGR 9.2 percent through 2017-22.

The search for a one-stop shopping destination keeps making consumers shift from traditional to modern retailing stores. Modern retail stores attract footfalls in their physical store in Tier I and Tier II equally, albeit for different reasons. Aspirational Tier II consumers look at modern retailers as places to experience the new age retail. Equally Tier II & III cities have lucrative geographies for

expansion of modern retail.

Retailers are tapping on to this new market of aspirational consumers increasingly. The lack of presence of most of the international and a major portion of national brands in these areas, have led consumers to resort to online channels in Tier II cities.

## Role of Technology

Technology – or rather connectivity – has created opportunities for unorganised retailing by giving them access to huge population, without the need of having a physical store. Their products now compete with brands and have made the competition intense especially within categories where consumers are not brand loyal or are price sensitive. This is keeping retailers on their toes and increasing the need for manufacturers to differentiate their products and for retailers to enrich the shopping experience and make it seamless.

The biggest change is the use of Artificial Intelligence (AI) to analyse consumer behaviour and preference at each stage of the shopper's journey, for targeted marketing and offering



price discounts. AI is being used more prominently by e-commerce websites or digital marketers. Going forward, it will further be used to get an integrated view of consumer behaviour. Preferences obtained from store and non-store-based sales and marketing channels will allow retailers to offer personalised experiences.

The use of technology has become very intuitive as far as shopping through modern retail is concerned. Consumers search for products, compare prices on e-commerce website and buy online or offline depending on their convenience and need. Even for checkouts, consumers pay through e-wallets making checkouts quicker.

## Impact

Within modern retail stores, technology is being used to enhance the in-store experience, increase the convenience in browsing and selecting products and for faster checkouts. Store based retail is evolving and in store engagement is very critical. Newer technology that allows consumers to browse multiple products in a short period also adds to the convenience.

For example, Van Heusen's virtual mirror engages the consumers and also cut out the trial time. Hypercity's self-checkout store in Hyderabad, allows consumer to avoid the billing queues.

## Challenges

Retailers besides developing their Omnichannel strategies are now integrating technology through each node of their supply chain. For instance, Lenskart uses LOCUS technology focused on finding the best route to deliver. Retailers have been focusing on proximity marketing, using technology to enhance in store experience. All of these are likely to enhance consumers' experiences eventually increasing consumer delight. The only challenge is that each individual retailer is integrating technology in only certain nodes of their value chain while technology is already integrated throughout consumers' path to purchase and this is likely to create a gap. Retailers need to look at the shopper's journey from the eyes of consumers. This is the only way to provide personalised, consistent and seamless shopping experiences and for retailers to become future ready. **IR**