

TURNING THE RETAIL REVOLUTION TO YOUR ADVANTAGE

Retail & CPG Perspective

PRICING STRATEGY:

Shoppers today have instant access to comparative prices. And, with the ready availability of free shipping and generous return policies, consumers are more inclined than ever to order online. This trend can be deadly for brick and mortar retailers who have invested in locations, personnel and inventory. So, how can retailers remove price from the equation? The answer may lie in instituting a policy of price matching. By collecting real-time pricing data on competitors' products, retailers can adjust their price at the time of purchase so that the consumer is assured of getting the best price. With price considerations removed, retailers can then differentiate on customer service, knowledge of sales staff or range of products.

BROADER APPEAL:

The trend for big box retailers to offer a vast number of SKUs – including rebranded professional services for travel, banking and insurance – is not new. What is emerging now, however, are retailers who are leveraging their reputations in one category to reach new retail segments, for example grocers who seek to become a destination for clothing, as well. For some, the trend is to move away from a monolithic presence to become a general merchandiser that offers an array of products across more categories. These strategies may require new supplier networks and different internal skill sets and may carry long-term implications for the retailer's brand.

MULTI-CHANNEL FULFILLMENT:

It's one thing to take an order, but quite another to fulfill it. As consumer demand for home delivery of everything from avocados to school uniforms has skyrocketed, the response from retailers has run the gamut from

automated dark stores and centralised distribution centres, to in-store fulfillment that uses current infrastructure, but requires staff to shop, check out and deliver the product to the consumer. How much of a premium are consumers are willing to pay for convenience services like home delivery is still an open question, which can mean that the price of meeting customer demand for convenience is pressure on margins. But retailers beware: Those who ignore this trend run the risk of losing customers to those companies that offer greater convenience.

SELF SERVICE:

While the rise of the online channel suggests people want more done for them, the trend in stores is for consumers to do more for themselves. Self-service check out lines enable retailers to give consumers what they want while freeing up staff for other duties. Of course, self-service lanes still require a significant investment in floor space, equipment and training. However, what if shoppers never had to check out at all? With increasing processing power in people's hands, smart phone apps could replace the check out altogether. Shoppers scan items as they place them in their trolleys, and payment is made online from their phones as they leave the store. Building this solution requires a new information architecture that enables access to a retailer's inventory, payment gateways, in-store wi-fi and anti-fraud algorithms to reduce theft.

BIG DATA:

For some time now, retailers have mined popular loyalty cards for information about frequent shoppers and their product preferences. Today, though, much more data is streaming in constantly from web analytics, social media, coupon redemption, video technology and smart phone apps. Making sense of it all can be daunting. However, tapping into this big data can lead to new opportunities to improve the customer experience, optimize stores and better target promotions. Retailers can use big data to create an individualised shopping experience for consumers both in store and online.



WHAT IF SHOPPERS NEVER HAD TO CHECK OUT AT ALL?

ADAPTING TO CHANGE:

Looking ahead to the future, the most successful retailers will be the ones that embrace change and the opportunities it brings. With this in mind, putting in place the organisation and culture to respond to a changing consumer and technology landscape will be of increasing importance. To cope, retailers must become more agile and flexible - and at times be prepared to take risks.



ABOUT NORTH HIGHLAND

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For more information,
please contact:

Chris Lamont

Chris.Lamont@northhighland.com

Jim Arnold

Jim.Arnold@northhighland.com