

Publication: Enterprise Innovation Online

Date: 12 December 2017

Headline: Webrooming Singaporeans to drive innovation in retail

Webrooming Singaporeans to drive innovation in retail



Caption:

Neeta Lachmandas, executive director of Singapore Management University's Institute of Service Excellence

American author Nancy Pearcey is quoted as saying: Competition is always a good thing. It forces us to do our best. A monopoly renders people complacent and satisfied with mediocrity.

Certainly this is a call to action for the retail sector in Singapore and other parts of Asia as the e-commerce continues to gain a foothold in the local market.

The 2017 Euromonitor International report "Retailing in Singapore" says physical store sales are hurting as Singaporeans head online to do their shopping with channel-hopping becoming common practice for the tech-savvy populace. But all is not bad news for retailers. Singaporeans are said to engage in "webrooming" making online price comparison before heading down to the store to make the actual purchase.

In a WARC article, Subodh Deshpande, partner at strategy consultancy Innate Motion, predicts that ongoing economic challenges are likely to spur more innovation from brands, particularly in the bricks-and-mortar retail sector.

Retail Tech Innovation spoke to Neeta Lachmandas, executive director of Singapore Management University's Institute of Service Excellence (SMU ISE) to discuss among other things how digital technologies is forcing a change in the City's retail sector.

RELATED: Singapore retailers' future is in consumer hands literally

What types of digital technologies are retailers in Singapore adopting to improve operations, including customer service?

Neeta Lachmandas: Retailers have now moved beyond simply creating websites and social media handles as their only means of 'digital' presence. Indeed, landlords and retailers are quickly embracing technology such as artificial intelligence and robotics to help them gain further insights into consumers' behaviors and preferences in Singapore. This is something that has an influence on several different areas of retail – not just the consumer touchpoints.

There is a rising trend of predictive retail, a concept that retailers are able to anticipate a shopper's wants / needs before they do, by creating personalized user experiences at scale. Artificial intelligence is used as a measure to collate data in real-time and aid in discoverability of content. It is essentially

Publication: Enterprise Innovation Online

Date: 12 December 2017

Headline: Webrooming Singaporeans to drive innovation in retail

cross-selling on a wider platform – brands can look beyond what shoppers are looking for and piece together what they want. This not only helps with stocking inventory, but also with ensuring interactions with consumers are more seamless and enjoyable.

Operationally, technology in the form of retail robotics can help track inventory with Radio-Frequency Identification (RFID), manage warehouses, and bring stores to the customers (as a form of delivery system).

Is acceptance of such technologies comparable to that other developed markets around the world?

Neeta Lachmandas: There is room for more Virtual and Augmented Reality (VR and AR) technology to grow in Singapore. These technologies have the potential to change how retail stores are defined. With VR and AR, retailers can create an integrated platform. Gartner predicts that 85% of customer interactions in 2020 will be with machines, rather than humans.

Retailers have embraced the VR and AR technology to provide more 'experiential' shopping experiences for consumers. Brands such as Sephora, Estee Lauder and Yacht 21 used this to provide an enhanced experience for Singaporean shoppers during key launches.

Although VR presents a high barrier of entry for retailers as consumers who have to have a headset in their possession, retailers should look at it as a tool to create immersive, larger-than-life experiences.

RELATED: Transforming retail in the digital economy: strategies for the long haul

Which consumer demographics are forcing retailers to adopt technologies faster to stay relevant (and in business)?

Neeta Lachmandas: Undoubtedly, the group that is propelling retailers towards more technological integration would have to be digital natives.

Digital natives play a hand in encouraging retailers to offer personalization and customization in their products and services. Millennials and post-millennials have that distinctive upbringing in the digital age and vastly different preferences in needs, interests and tastes.

Are Singapore retailers engaged when it comes to multi-channel and/or omni-channel presence? Are Singaporean consumers more inclined to prefer retailers that provide multi-channel and/or omni-channel service?

Neeta Lachmandas: Retailers are definitely turning to disruptive technology to build an omni-channel presence. The "showrooming" phenomenon is increasingly popular with Singapore retailers. E-commerce brands set up brick-and-mortar establishments to provide consumers a space where they can touch and feel the products; and then purchase it online.

Alternatively, brick-and-mortar establishments are setting up social media accounts / websites to increase their digital presence and to allow for seamless transactions. For instance, should a customer be dissatisfied with a product purchased at the store, they can file for a return application online.

Omni-channel experiences has also allowed brands to customize experiences to be more personalized – something that Singaporeans react strongly to. Retailers have to work towards personalizing the customer experience down to the finest detail, empowered by technology such as automation and analytics, given the wealth of data available on individuals today.

Does the presence or absence of a web and/or mobile channel impact the ability of a retailer to provide better customer experience for its customers?

Publication: Enterprise Innovation Online

Date: 12 December 2017

Headline: Webrooming Singaporeans to drive innovation in retail

Neeta Lachmandas: Duplicating content across offline and online channels isn't the best use of resources – what is important is the integration of both channels in order to produce a seamless, unified and consistent service experience for the consumers. Ensuring this means coordinating the brand execution together with internal communications channels across both online and offline teams.

Consumers quickly become dissatisfied when service personnel in store are not equipped with the knowledge to help them with products or promotions available online.

For a business to maintain a certain level of transparency with their customers, web and mobile channels are especially crucial. Digital platforms allow consumers to openly share their interactions and experiences with the business online. Given the nature of social media and how fast word-of-mouth (whether good or bad) spreads, brands cannot afford to ignore the messages being left by consumers online. Doing this means that the negative impact to the brand could be far-reaching and more damaging than if the external communications was not properly handled.

To truly excel and harness the digital age, retailers need to employ more customer centric tactics – putting themselves in the shoes of the consumer, and ensuring that the end-to-end experience in their journey is formulated with a greater dose of empathy to achieve service excellence.

RELATED: Use digital to get retail transformation right

What do the CSISG scores for the retail sector (including the subsectors) reveal about the Singapore retail market?

Neeta Lachmandas: It is clear that retailers are acknowledging the importance of maintaining an omni-channel presence. While the retail sector has been facing a period of slowdown due to manpower challenges, changing consumer patterns and competition from e-retailers, there's a silver lining for offline retailers. Findings from CSISG 2017 Q1 study suggested that department stores, in particular, have seen increased customer satisfaction. This sub-sector saw a rise of 0.95-point in customer satisfaction over the same period last year.

This improvement in satisfaction among locals is largely due to store and product offering revamps from major department stores, as well as increased promotional activities which helped to boost sales.

Other than building an omni-channel presence, Singapore retailers have been increasing their customer satisfaction and loyalty by enhancing in-store customer experience. Along with retail activities on-site, these have come together to be the core pillars for customer engagement.

How will the entry of global brand like Amazon and regional brands like Lazada (Alibaba) impact the ability of local retailers, particularly those brick-and-mortar stores when it comes to customer satisfaction, etc.?

Neeta Lachmandas: While customers want a seamless online experience, not all brands will be able to undertake it.

The traditional retail model may no longer be sufficient in today's context – physical stores have become less a point of sales, and customers now want a seamless online experience but something that not all brands will be able to undertake. In order to stay competitive, retail stores need to become a point of experience for the brand, and understand their customers through data analytics to gain better insight. Integrated experiences, incorporating technology into the brick and mortar stores, and harnessing the three key technological drivers of automation, awareness and immersion will also be key factors in achieving this.

In 2018, how important will customer satisfaction be as a metric to retailers compared to other metrics like profitability, revenue, growth, etc.?

Publication: Enterprise Innovation Online

Date: 12 December 2017

Headline: Webrooming Singaporeans to drive innovation in retail

Neeta Lachmandas: Today, even when we visit a foreign country and are clueless about what to see, where to go, or what to eat, we can always go to a app and ask for recommendations at certain locations ranked by popularity. In future, more and more customers will rely on online reviews or recommendation by word of mouth via their peers. Some retailers are even rewarding customers for spreading the word, which can in turn help retailers maximize customer engagement.

Satisfied customers can now take on a more active marketing role via social media as the Internet becomes a highly collaborative space, given that social media has such an assertive presence in people's lifestyle today. The concept, also known as affiliate marketing, can already be seen in the food and dining industry.

This is something that, once harnessed properly, can help retailers evolve to stay relevant and continue to be an important part of the customer's experience.