Cracking the retailer

Retailers are notoriously hard to sell to. So what should you pitch to open the door?

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Consumption Information Real Time (CIRT).

The retail industry in South Africa has faced tough times of late. Pick 'n' Pay's reported a loss in 2023 for the first time in its 57 year history – it's just one example that endorses this point. Key factors affecting this poor performance include high inflation and rising costs, operational inefficiencies, brand confusion (Boxer, QualiSave), intense competition including in the last mile of delivery, and all of this compounded by load shedding.

It's really hard to convince retailers to adopt new technologies or new products in tough trading times. In this article I want to explore what are the key topics that will gain traction with retailers in South Africa today.

Based on my experience in the retail sector, I believe there are five areas in which retailers will be keen to engage. These provide an insight into how to pitch your product or solution to retailers.

Revenue – unlocking new revenue opportunities, or prospects likely to enhance existing revenue is an obvious lever to pull. Given the low growth environment its naturally understandable that retailers are looking to unlock new revenue opportunities.

Image by opticaly, www.canva.com

> "Contextual marketing that CPG brands pay a premium to retailers for is one such possibility. In recent years retailers and brands have changed focus to online adverts in Facebook, Instagram etc. This trend has seen Amazon and Google as well as Meta becoming huge players in the advertising world."

Retailers want to take back their power and since they have the customer relationship, they are dictating how brands engage with their customers and monetising this relationship. This is an example of how retailers can unlock new revenue streams and enhance returns for shareholders.

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Cost savings – any initiative that reduces costs or improves margins for retailers and contributes to generating returns to shareholders or passing on cost savings to customers – all result in engendering loyalty.

One area for cost savings includes using data for demand forecasting, inventory management plus customer insights and behavioural analysis. Retail AI is key to unlocking actionable insights

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from the vast amounts of data that are being generated each minute.

AI's ability to spot trends in certain geographical areas can assist in inventory management and ensure stockouts are reduced.

Customer experience – retailers are under pressure to deliver a consistent omnichannel retail experience both across online and offline channels. The use of data and technology to enable better customer engagement especially in physical stores (offline) is becoming more important. This includes shorter checkout processes and better recommendations in physical stores.

www.aboutamazon.com/

The smart shopping cart makes grocery shopping quicker by allowing customers to scan products right into their cart as they shop and then skip the checkout line.

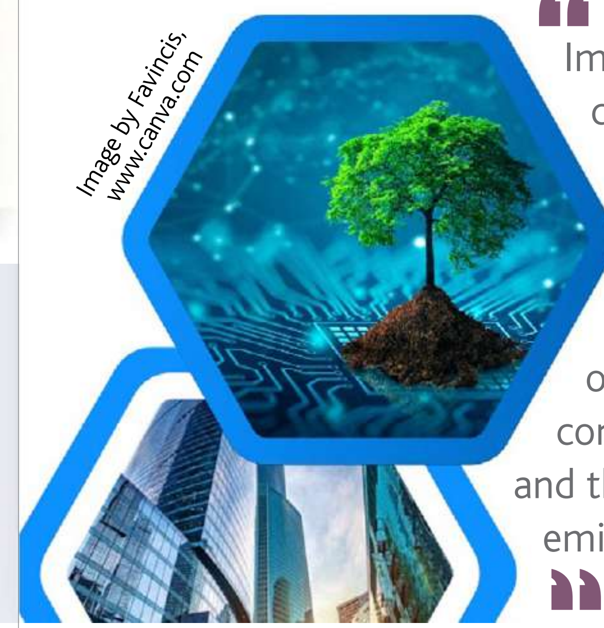
Amazon announced in April 2024 that it was abandoning its Just Walk Out technology in favour of smart carts. The technology actually used 1 000 workers in India to monitor the system according to an article in inc.com. So instead of making it easier and cheaper to shop it was actually more expensive.

Image: barons.com. njabulo-mabanga www.linkedin.com

Staff engagement and retention – retailers historically did not care too much about high staff turnover, however, the cost of training new staff and the time it takes to get fully productive personnel results in high costs. Retailers are looking at better ways of engaging staff to improve staff retention and incentivising people. A good example of this is the Shoprite Checkers Employee Share Ownership plan that was concluded in July 2022 estimated at a staggering R8.9bn. Staff are another differentiator in an industry where price and other factors are becoming more ubiquitous. Personalisation, staff knowing their customers and their style as well as attentive staff can make a huge difference to customer loyalty. More so than loyalty programmes that all retailers seem to be investing in.

ESG considerations – retailers have been under pressure from both capital providers and customers to guarantee they play a pivotal role in ensuring a reduction in harm to the planet. Most retailers are putting mechanisms in place to monitor their own CO_2 emissions but are not doing enough to understand in detail the Scope 3 reporting requirements. Solutions targeting this level of transparency will find favour with retailers not only in South Africa but globally.

Image by Favincis, www.canva.com



> "Imagine retailers could gamify CO_2 emissions by sharing a monthly report based on the products consumers purchase and the total CO_2 emissions per month."

This could allow companies like Discovery Vitality to change shopper behaviour and save the environment at the same time while the customer/client earns Vitality miles for conscientiously changing their product choices.

If you want to crack the tough retail nut you need to know your customers and their needs and wants and pitch your solution based on a value proposition that invites you to create a partnership with the retailer.

As you can see even in tough times there are always opportunities provided you understand where your market wishes to engage/what product areas and provided you can solve real problems for your customers. **SR**