



HRG Insight

Retail Industry Perspective

The choice for many entrepreneurs and capitalists since the dawn of industrialization has been to go into producing capital goods or starting a retail operation. Of course opportunities have evolved over time in distribution, and value added reselling as an extension of what used to be in simpler times direct sales. If you continue along this path what emerges is a view of today's global markets for goods and services - spanning all industries, industry sub-segments, and geographies.

The World Wide Web

Today you would be hard pressed to find an established business that is not tied in some way into the World Wide Web for communication, promotion, advertising and sales. However, what many so called pundits thought would become the replacement of bricks and mortar stores by virtual web based store fronts never came to pass. Instead, what we see is more of a hybridized business model that integrates the best aspects of both the physical and virtual worlds - leveraging emerging best practices in an ever increasing global competition to capture and retain customers and their wallets.

"Customer of One"

As businesses move increasingly toward "a customer of one" model where the uniqueness of each individual's purchasing habits, likes, dislikes, and other personal attributes are being captured through scanners, responses to promotions, direct response marketing efforts, and web based metrics such as mouse-over, mouse-click, sites visited, and the time spent deliberating over each action this information is being stored in a variety of databases and formats. This in turn results in the challenge of "now that we have collected all of this stuff how do we normalize it, scrub it, and leverage it in order to drive revenue and mine the customer base".

Always On - Always Connected

What once appeared to be a relatively easy to understand business model (being in retail or being a shop owner) has morphed into an always on always connected business model where each shop or retail operator is moving toward becoming a member of a well integrated global supply chain and in the case of specialization a well integrated value chain. Now with the emergence of Cloud Computing it is possible for "mom and pop" retail operations to differentiate themselves and compete on a global basis with the likes of Sears, Walmart, Kay Jewelry, and so forth.

Customer Experience

However, even with all of these changes and evolutions in business models one key and central reality lies at the heart of the retail business opportunity - this central reality is best described as "the customer experience as perceived by the customer". It is in this area where store layout, shelf and isle merchandising, in-store and

on shelf promotions, RFID, evolving scanner technology and placement and so much more are being used by savvy retailers in an effort to create the best possible shopping experience for the individual customer.

Cognitive Dissonance

The ultimate goal for any retailer of course is to create a customer for life. One sometimes under estimated or glossed over aspect of the customer experience is "post sale cognitive dissonance" where a customer is unintentionally oversold on a product feature, function, or benefit. However, with current data capture, BI and Analytics capabilities this unintentional outcome is expected to become less frequent.

Supply Chain

Additional areas that can not be neglected in a thorough analysis of any retail operation are: replenishment, distribution, logistics, warehousing, store surround warehousing (aka integrated store warehousing), overstocking, order fulfillment, supplier selection, supplier contract negotiations, co-op marketing and promotion, and much more.

Cloud Computing

HRG views Cloud computing as being an integrative technological initiative that effectively breaks down the barriers between the siloed views of data and information that previous generation server and solution technologies had imposed on customers. HRG believes that today's IT solutions must focus on and go a long way toward improving the utility of data that had previously been locked up and locked away from business focused IT professionals.

Integration

The Business results that come from integrating cross-enterprise data into a single actionable view are substantial. Data integration drives real long term cost reductions, improved operational efficiency, enhanced competitive advantage, streamlined regulatory compliance, and increased productivity.

Single View

Most businesses can benefit from achieving a single coherent view of their enterprise-wide data resources. This view must be based on a blend of heterogeneous data (relational, delimited text, etc.) from various sources and locations including real-time, historical, and event based. The untapped potential for innovation that can be realized by integrating cross - enterprise heterogeneous data to enable the creation of the next generation of focused more effective applications is substantial.

Conclusion

Retail truly is where the rubber meets the road. Retail stores whether bricks and mortar, bricks and clicks, or wholly internet based are where money changes hands, product ideas are voted on with customer dollars, and new products are conceived, tested, and launched. In other words retail is where the action is. If a supply chain is a rainbow then the retail store is the pot of gold at the end of the rainbow.

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