

An analysis of the state of the Customer-Retailer relationship to digital technology in retail businesses.

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Abstract- *The retail industry has been utterly transformed by the arrival of digital technology, which has profoundly altered the dynamic between retailers and their customers. Electronic commerce (e-commerce), mobile apps, data analytics, & artificial intelligence (AI) are just a few examples of the digital technologies that have altered the traditional relationship between stores and their consumers. The increasing importance of data-driven decision-making in retail strategy, the trend towards more personalised shopping experiences, and the change in consumer expectations towards frictionless, omnichannel interactions are all important points of discussion. Customer engagement or loyalty have been boosted by these technologies, according to the report, thanks to real-time communication, greater convenience, and personalised marketing. In order to be competitive in the ever-changing retail industry, the paper finishes by stressing the need of merchants constantly innovating & building deeper consumer interactions with the use of digital technology.*

Keywords- Digital Technologies, Customer, Retailers, Business, Marketing

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INTRODUCTION

Nowadays, real struggle for retailers to provide value to their customers. Customers expect "value" in many forms, including but not limited to: price, presentation, atmosphere, QoS, information, variety, ease of use, speed of payment, and entertainment. Due to digital technology, stores may lower costs and provide customers more for their money. Customers enjoy a more convenient, quick, and value-added purchasing experience because to technological advancements.

According to studies conducted by market researchers, consumers are highly receptive to technological advancements in the retail industry, particularly those that solve their most pressing problems, such as long checkout lines (which occur at almost every store), misplacing products, and inaccurate product descriptions.

The data's worth is the driving force behind the importance of digital technology in retail. This data collection allows for the collection of a great deal of accurate information about consumer purchases, including the methods by which individual consumers paid for the goods, the sales of specific inventory lines, a customer loyalty reference number, the time or date of the transaction, and so on. Technology facilitates

the gathering and dissemination of information. Information gathered on customers, their orders, the average basket size, the length of their purchase, & spot products or items with timely markdowns and larger inventory movements can also help shops prevent stock-out problems.

The shopkeeper would give special treatment to the consumers who buy from him time and time again. Customers actively seek for one-stop shopping experiences so they may make more effective use of their money. Additional features, higher-quality and value products, shorter lines, and a safe & transparent shopping environment are all things they're looking for since processing speed and dependability are important to them.

The retail industry has changed to accommodate these needs, but advancements in delivery methods, the ability to digitalise in-store operations, or consumer class targeting have all had an impact on retail sector success. To avoid running out of supply on any particular item, retailers must continually monitor consumer demand. Concurrently, the store's profit margins would have been lower if it had kept large stocks, which would have increased expenses.

The competitiveness of a shop may be affected and the supply chain can be fine-tuned to meet customer requirements with the use of digital technology, which refers to information technology. To continuously develop in most functional areas where technology may provide value, retailers must invest in digital technologies over the long term if they want to achieve a competitive edge.

Digital technology helps retailers with so many essential tasks, such as product sales systems, item-by-item sales data collection, inventory control, management reporting, customer information, accounting, and so much more. Differentiating their service offerings from competitors & implementing creative approaches to support end consumers are two of the most important things for retailers to focus on nowadays. While industrialised nations have made great strides in using retail technology, India is still in its early stages & uses a wide variety of IT infrastructure, from basic Point-of-Sale (POS) systems to more advanced retail enterprise resource planning (ERP) systems.

Many stores lack adequate information technology solutions for managing their inventories, supply chains, vendors, & merchandising. Retailers in India invest almost little on information technology each year. It is only via the use of cutting-edge retailing technology imported from the West that organised retailing is finally taking root in India. Retailers are stepping up their innovation game to stay ahead of the competition & ensure customer satisfaction. Consequently, modern consumers have a more robust selection. One aspect that is following the worldwide trend is technology, and shops have started to incorporate new technologies, which is changing a lot of the development.

NEW APPROACHES TO RETAIL

Due to shifting customer preferences & new technology developments, the retail business is in a constant state of flux. Retailers must embrace new technological trends to stay ahead of the curve as the sector faces new challenges and possibilities. According to predictions & analysis from specialists in the field, three technological developments are about to have a profound impact on the retail sector in the next year.

Consumer Behaviour & Technology Driving Retail Industry Digital Transformation

In recent years, retailers who were first to adopt retail digital transformation have seen their investments pay off. More difficulties are on the horizon, as economists anticipate a recession in the second quarter of 2023. A customer service or product issue has caused one-quarter of customers to discontinue purchasing or utilising a retailer's services, according to a PwC Customer Loyalty survey from 2022. After having a number of bad encounters with a store, over half of customers will cease using or purchasing from that business. After a single negative experience, 8% of

customers will no longer do business with that company.

Over the last many years, we have been able to learn a great deal about the retail industry's successes & failures. No one can deny that the retail business will never be the same, even though stores throughout the world are showing signs of recovery following the epidemic. Among the numerous sectors being affected by technological advancements, retail is one where the impact is most noticeable. As consumers, the majority of us can think of a recent instance in which we adapted our habits in response to this "new normal." Retail is undergoing a digital transition due to this shift in consumer behaviour. Retailers are now expected by consumers to cater to these evolving requirements.

Retail Technology Assessment Drives Digital Transformation

It is the goal of retail IT departments & chief information officers to find the most effective tools to deal with the new normal. In order to revolutionise their company practices, what is the magic formula? Can you imagine a point-of-sale system that seamlessly connects your online shop with your BOPIS and E-commerce platforms? So that you can quickly provide your staff with the hands-on training they need to increase customer happiness and loyalty, maybe a new learning management system is in order. To better manage customers and retain them, perhaps a cloud-based enterprise resource planning system is the way to go. The retail industry is undergoing a sea change as a result of the discovery of best-fit solutions that improve the experience; these changes will continue well into the future.

TECHNOLOGY IN RETAIL 2024

1. Phigital Retail

The phrase "phygital retail" is a portmanteau of "physical" and "digital" and is used to describe a smooth & integrated shopping experience that incorporates aspects of both online and offline retail. The idea takes into account how buying has changed in the digital era, with customers able to move freely between online & offline platforms.

Phygital retail:

1. Strong Online Presence: Many stores now have a strong online presence, most notably through e-commerce websites & mobile applications. People may shop, read reviews, and peruse items all in one convenient online location.
2. Maintaining an Offline Presence: Brick-and-mortar businesses continue to play an important role in retail strategy. Shopfronts like this may showcase products, provide customer assistance, and even deliver orders.

3. **Channel Integration:** Phygital retail relies on synergy between online & physical channels. Customers may do things like return items bought online to a real shop or order products online & pick them up in-person.
4. **Integrating Technology:** Stores use technology to make shopping better for customers. Some examples of such features are digital signage that allows customers to interact with products, virtual try-ons made possible by augmented reality (AR), & personalised offers provided by in-store beacons.
5. **Utilisation of Data:** Phygital retail uses data analytics to comprehend consumer actions across online & offline platforms. With this information, stores can better cater to customers' individual tastes, increase interaction, and streamline the buying process.
6. **The Omnichannel Approach:** Phygital retail is an aspect of the all-encompassing omnichannel retail strategy, which aims to provide customers with a uniform and smooth experience regardless of the channel they choose to shop on.

The goal of phygital retail is to provide consumers with a flexible and convenient shopping experience, allowing them to engage with a brand both online and offline based on their preferences. This approach recognizes the interconnectedness of physical and digital retail channels in the modern consumer landscape.

2. Augmented reality, virtual reality, and the metaverse will transport users to new worlds of interactive digital experiences.

Customers in 2024 still want nothing less than an exceptional experience. Technology is still the main force behind this. The purchasing experience should be smooth, consistent, and unforgettable for the customer. Consumers may use augmented and virtual reality to purchase on the platform, which has generated a lot of buzz regarding immersive experiencing digital shopping environments.

VR provides the most lifelike experience for accessing the metaverse. Retailers are looking at augmented & virtual reality solutions to offer an immersive and entertaining experience where customers may purchase in a simulated environment, even if the future of the metaverse is uncertain.

Retailers like Hugo Boss, Walmart, and Amazon have expanded the usage of AR beyond furniture firms to enable shoppers to visually try on clothes using digital images of themselves. An early adopter of Apple's augmented reality technology, IKEA's app was a pioneer in the field.

Companies will use new technology to thrill and amaze consumers, especially those who are "pandemic

fatigued" yet are becoming increasingly interested in immersive and entertaining buying experiences.

3. Journey Mapping for the Customer Experience

A new development is the starting point of the customer's engagement with the brand. Not long ago, marketers mostly reached consumers through conventional advertising, visual merchandising, & window displays. These days, it's not uncommon for a customer's online experience with a company to flow seamlessly into their in-store shopping. Retailers may benefit greatly from this article's mapping of the Customer Experience Journey, which applies both online & in-store. The following diagram shows that in order to improve the experience and the outcomes, a wide variety of solutions are needed. To successfully drive retail digital transformation, it is crucial to identify not only individual solutions, but a suite of solutions that can integrate & satisfy the retailer's goals in order to give the best experience. A better customer experience journey map may be built by understanding the customer's journey utilising Business Intelligence, Insights, Data, and more. This can help identify holes that new technologies might potentially solve.

4. E-Commerce

If current trends are any indication, online shopping will remain the primary driver of retail sales well into the future. When contrasted with traditional shopfronts, the sector has seen consistent growth throughout the past decade. The speed is just mind-blowing. Modern consumers anticipate a frictionless transition between online and in-store transactions.

5. Optimize Supply Chain and Fulfillment

(ERP, IoT, AI, Demand planning software)

Companies have started to embrace and use new technologies to turn their supply chain into a centre of innovation for business, rather than just an operational hub, in response to increased customer demands. Improving delivery times, managing inventory, optimising customer interactions, & creating new experiences that raise happiness and drive sales are all possible with the help of AI, machine learning, and predictive analytics, which organisations can use to optimise & automate processes. Supply chain technology solutions include automated financial, human resources, & logistics systems as well as enhanced, real-time management & cross-channel order processing.

6. The Right Product in the Right Place at the Right Time

"Lack of real-time inventory visibility" is a stumbling block in the supply chain that hinders efficiency and production, according to 71% of merchants. In order to satisfy the wants & expectations of their customers, retailers should have an accurate and

transparent view of their inventory. Retail must have this real-time data available to ensure products are placed correctly at all times to prevent sales from being lost. Many stores' supply chain systems and procedures were made worse by the global lockdowns. Stores lost out on sales due to the inability to see problems in the supply chain, which in turn affected customers. Customer dissatisfaction stemmed from approved purchases that were never fulfilled due to inaccurate inventory counts, which resulted in refunds or cancellations.

Point of Sale, Buy Online, Pick Up In-Store, and Electronic Commerce

By utilising the correct technologies & connections for eCommerce, POS, and BOPIS (Buy Online Pickup In-Store), merchants can create a frictionless experience for customers, leading to increased frequency and quantity of purchases. The public increasingly expects businesses to make it easy for consumers to make purchases. Lower operational expenses, greater customer experience, wider reach, and customer tracking are all possible with the correct software solutions for retail. The idea of providing BOPIS has been developing prior to COVID-19. Now, BOPIS is what customers expect. When making a purchase, customers prefer to feel like they have some say. They prefer to shop online since they don't have time to peruse the store's wares. With BOPIS, stores can connect with customers on a deeper level and provide them with a more convenient shopping experience by combining online and in-store activities. It may boost your average sale and build your brand by integrating your eCommerce platform, BOPIS, & POS. This will make additional chances accessible to customers.

When it comes to this, Best Buy is one of the leading brands. Rich Communication Services is an expanding communication protocol that Best Buy and its partner 3C Interactive have been using to supplement standard text messages with photos of products, directions for in-store pickup, and more information about transactions. The result is a smoother transition between in-store & online interactions.

7. Leverage Customer Data

Platforms for Customer Data Management (CDM), Artificial Intelligence (AI), and Voice of the Customer Software (Voice of the Customer)

Digital transformation efforts, which are now advancing at a glacial rate, have supplanted customer-centric initiatives as the most pressing concern. A strong web presence will be essential for Retail in 2021. The year 2020 marked the "technology tipping point," the moment when marketing and operations were irrevocably altered. From this increased online time, retailers may extract valuable data. Numerous benefits might be yours for the taking when you listen to your consumers through data. Using voice of customer (VoC) software, you may learn how customers act. Measurable outcomes, such improved customer experience, increased revenue, and operational procedures, may be achieved through data-driven

understanding and measurement of customer experience.

RETAIL DIGITAL TRANSFORMATION BENEFITS

Here are a few of the most important ways that the retail sector has benefited from digital transformation.

1. Increased customer retention

Retailers may divide their clientele into different groups, study their purchasing habits, implement an effective customer strategy, and then send them targeted ads and emails.

An individual who is really interested in fitness and who shops for health supplements on a regular basis is a good example to consider. They may enhance their purchasing frequency & customer retention rates for health supplements by developing a tailored promotional strategy based on data & insights. As an example, consider how Target has completely revamped their in-store digital experience. The Minneapolis, Minnesota-based retailer Target ranks seventh in the United States. To better understand its consumers' wants & requirements in relation to their previous purchases, Target is utilising cutting-edge technologies like AI, ML, and predictive analytics. More substantial customer retention is the result of an improved customer experience & ability for businesses to personalise on a large scale made possible by this.

2. Providing beneficial market insights

Marketers may benefit from consumer data research by gaining useful information. To boost their development & profits, merchants may use these market information to map out particular activities and plans. Another important growth driver, the insights enable businesses understand their consumers better and form a strong bond with them.

3. Executing effective marketing campaigns

Retailers may use customer relationship management (CRM), data analytics, & marketing automation tools to build targeted, personalised marketing campaigns as part of their digital transformation. By doing so, stores may learn more about their customers and spot trends & patterns. Having access to this data allows marketers to lower their marketing expenditures while also allowing them to adapt their campaigns to match changing customer behaviour.

4. Easier inventory management

Retailers may improve their inventory management with the help of data and technology. Using digital technology, it allows merchants to automate and simplify their inventory procedures. Improvements in operational efficiency, order fulfilment speed, warehouse management, lead time estimation, and

safety stock to prevent stock-outs are all outcomes of digital transformation in retail.

5. Improved customer service

Online stores may provide their consumers with a seamless omnichannel experience by integrating various digital channels such as mobile applications, live chat, email, & websites. Personalised, real-time support at any hour of the day or night is now possible thanks to digital transformation's self-service choices, such as a chatbot where consumers may air their complaints & questions. By streamlining the customer experience with few contacts, this technology helps merchants save money.

DIGITAL TRANSFORMATION TRENDS IN RETAIL

Some of the most important retail digital transformation trends that will occur in 2024 are these.

1. Big data

These days, stores are using big data to learn more about their consumers. Personalised & efficient service is what today's consumers expect when they purchase. By managing inventory, merchandising, & procurement with the help of predictive and prescriptive data, retailers are meeting the need for a positive consumer experience. Retailers may improve their return on investment (ROI) through decisions supported by big data.

2. Omnichannel

Retailers may expect to get greater value out of customers who engage with them through both in-store & online interactions. The goal of an omnichannel retail strategy is to streamline consumer interactions across all touchpoints, whether that's a company's website, social media, or email. Customers are able to have a more pleasant buying experience with the support of omnichannel strategies. The American home improvement retail giant Home Depot has developed a customised omnichannel purchasing experience with features like click-and-collect & targeted advertising.

3. Internet of Things (IOT)

The retail industry's use of the IoT has revolutionised product supply chain tracking. The advent of GPS and RFID has changed the retail industry forever. When it comes to reducing instances of shoplifting, geofencing is one tool that the IoT has helped with. Daily retail item thefts exceed \$25 million, according to the National Association for Shoplifting Prevention (NASP). Using radio frequency identification tags, business owners may effectively deter shoplifting by erecting a virtual barrier around their establishments.

4. Blockchain

Due to blockchain's enhanced security, efficiency, & transparency, it is gaining popularity among retailers.

When it comes to retail, blockchain technology isn't just for online payments. It enables merchants to save data on a distributed ledger and aids in product tracking throughout the supply chain. In 2017, Nestle made the switch to blockchain technology. To standardise, simplify, & streamline product tracking, the Swiss behemoth has begun utilising blockchain technology. It has gradually increased its usage of blockchain technology across all of its brands, including Zoegas, a Swedish coffee.

5. Augmented reality (AR)

A one-of-a-kind virtual adventure may be yours with augmented reality. Businesses may use this to their advantage by enhancing customer-business connections. One aspect of augmented reality is the "try and buy" feature. Now more than ever, companies are developing virtual simulations of their products so that consumers may have a more personalised experience without ever leaving the house. Virtual stores built using augmented reality bring the best of both online shopping and brick-and-mortar establishments.

IMPROVING THE CUSTOMER RELATIONSHIP MANAGEMENT SKILLS

Customer Relationship Management, or CRM for short, is a set of procedures, policies, and tools that companies use to track & evaluate their interactions with customers at every stage of their journey. CRM has historically focused on collecting and analysing data from customers in order to boost their happiness and loyalty. In contrast, CRM in the modern day encompasses a vast array of digital platforms & technologies designed to engage customers across many channels.

THE ROLE OF DIGITAL TECHNOLOGIES

The use of digital technology has completely altered the dynamic between brands and their consumers. There is a plethora of digital channels available to organisations today for audience engagement, from personalised online experiences and customer service chatbots to social media & email marketing. With the help of these technologies, companies may learn a lot about their consumers' tastes, habits, and requirements, which improves their marketing and makes it easier to provide individualised service.

KEY COMPONENTS OF DIGITAL CRM

- **Analytics on Data:** In the modern day, successful customer relationship management relies on data. Businesses may enrich their understanding of consumer habits, tastes, & tendencies by utilising data analytics techniques. Companies may improve their customer service by analysing this data to find trends, anticipate consumer actions, and make educated judgements.

- Marketing Automation: Enterprises may simplify their marketing processes & scale up the delivery of targeted, personalised campaigns with the help of marketing automation tools. Companies may improve their customer engagement & quality of their interactions with consumers by automating processes like social media advertising, lead nurturing, and email marketing.
- Social customer relationship management: In today's digital age, businesses are utilising social media platforms to engage with their consumers. Utilising social data to guide marketing tactics & enhance customer connections, social CRM include keeping tabs on social media interactions, interacting with clients in real-time, and more.
- Customer Service Tools: Digital customer relationship management also includes various customer service tools including chatbots, helpdesk software, and self-service portals. By improving the overall customer experience & encouraging loyalty, these solutions allow organisations to give fast help to consumers across several channels.

DIGITAL CUSTOMER RELATIONSHIP MANAGEMENT

Overall, in today's cutthroat business climate, CRM in the digital era is critical. Enterprise resource planning (ERP) systems, data analytics, and customer-centric strategies all help firms succeed in the long run by strengthening ties with consumers, increasing loyalty, & embracing new technology. With technology always pushing the boundaries of what is possible, businesses need to be quick to change & adapt, coming up with new ideas to keep up with client demands. Companies may set themselves up for success in the digital era and keep their customers satisfied and committed with a well-planned CRM strategy.

CONCLUSION

Digital transformation in retail has accelerated in recent years due to global shifts, and companies have had to prove their resilience in the face of upheaval. Those who were already technologically advanced or were actively developing their skills were less likely to feel the effects. It is worth mentioning that some merchants had already recognised the importance of improved digitisation; nonetheless, the epidemic hastened their preparations. Greater expenditures in technology, such as automated retail technologies, software for better control of company finances, & multi-channel strategies that leverage AI to improve customer experience have been the primary areas of emphasis. The field of CRM is one that has seen a dramatic shift. We have discussed methods for efficiently managing online client interactions and examined the relevance of CRM in the modern day.

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