



Keeping In-Store Technology in Balance With Supporting Resources

Good news for 2005. Supermarket retailers are planning to spend unprecedented amounts of capital on customer-facing (in-store and on-line) CRM technology this year. In fact, according to the Aberdeen Group's latest numbers, retailers will more than double their CRM systems spending compared to just three years ago.

But I think we have to ask ourselves a serious question. As an industry, are we ready to fully engage all this new technology with the support and personnel training necessary for effective execution?

Or perhaps does it more accurately reflect an insatiable appetite for new technology that will help us overcome our dependence on human resources.

If we have learned anything from the collective track record of supermarket loyalty programs, we know that technology and the mechanics of programs do not insure success if the retailer does allocate sufficient human and financial resources to support the program.

In fact, in those chains that were basic "blocking and tackling" still represent daily challenges, it is highly unlikely that new in-store technology innovations and programs will receive the support they deserve, or yield the results they are designed to deliver.

So here is my point. As much as we all believe that technology can enable a true point of competitive difference, retailers should not get enraptured with technology thinking it is a cure-all for customer service or store-condition inadequacies. Retailers across the spectrum from low-frills to full-service should first examine the basic fundamentals of their business and shore them up before investing in and installing in-store technology. Without well trained and motivated employees, working in a solid, well organized store environment, these in-store technology installations will likely yield disappointing results.

Here are a few things to consider prior to engaging in new in-store technology:

1. Are the stores prepared and empowered to effectively support this technology?
2. Further, are there programs and incentives built into the business model to motivate your employees to promote the usage of the technology and to motivate the consumer to engage?

3. Does this technology make as much sense for shoppers as it does for the retailer?
.....“Why would my shoppers use this technology?”
4. If the payback for the technology is predicated on cost savings and labor reductions in favor of growing customers or share of customers, beware that customers may not engage the technology in numbers necessary to realize the cost savings.

(Self scanning is a perfect example, as the time table for customer adaptation to this technology was woefully understated in most models I have seen and in many cases customers are just now becoming comfortable with the technology two and three years after installation!)

5. Does this technology require consumer content....i.e., discounts, offers, information, “new and worthy news” for consumers....if so, are you and/or your technology partner equipped to provide this content for the long haul?

Technology is rarely designed to deliver its promise in a vacuum. It almost always requires a base of good business acumen, marketing expertise, and an operational and human resources commitment. Further and finally, thinking of technology as an enabling tool, a means to an end, as opposed to the “end” in and of itself, will go a long way in the retailer having unrealistic expectations relating to outcomes. Well devised support programs and operational platforms, even though they require commitment and investment, will make a huge difference in the retailer’s ability to harvest the promised benefits and return of in-store, customer-facing technology.