Hope Comes In the Form of AI for Big-Box Stores

Overview:
The Changing Face of Retail

To say that the retail sector is undergoing a sudden transformation may not be accurate, for significant changes in the industry have been taking place over the past three decades. Advancement in communication and technology has created the environment for new business practices to grow and for new supply-chain models to flourish, creating the fresh face of the retail industry. Amidst all this, the role of the pandemic is very much that of a catalyst, with growing online shopping trends beginning to create a permanent shift in consumer behavior.

What about big-box retailers, then? Is there still hope for them? The e-commerce boom has not been kind to physical stores, and the pandemic was the last nail in the coffin for many. Some of the biggest stores that bit the dust include Bed Bath & Beyond, which announced the closing of about 200 stores in July 2020, H&M, Walgreens, GameStop, and Toys "R" Us, and there will be more that will follow. Brick-and-mortar stores need to up their game lest they disappear into looming uncertainty.

E-commerce businesses are not mere competitors—having evolved from a small channel in retail and marketing to becoming an essential part of a company's omnichannel strategy—e-commerce is the future of retail. An agile and easily adaptable business model will not only survive but also prosper in this environment.

This is why befriending Artificial intelligence, and Machine Learning is vital. They have the power to enable a flexible fulfillment framework for big-box retailers, opening up new avenues to win over customers and bring them back to the aisles of the stores.

In this whitepaper, we explore the ways in which retail has evolved in the past few years, the role of technology in planning the right fulfillment strategy, how omnichannel strategies can save big-box retail retailers from disappearing, and how Locus can contribute to that.
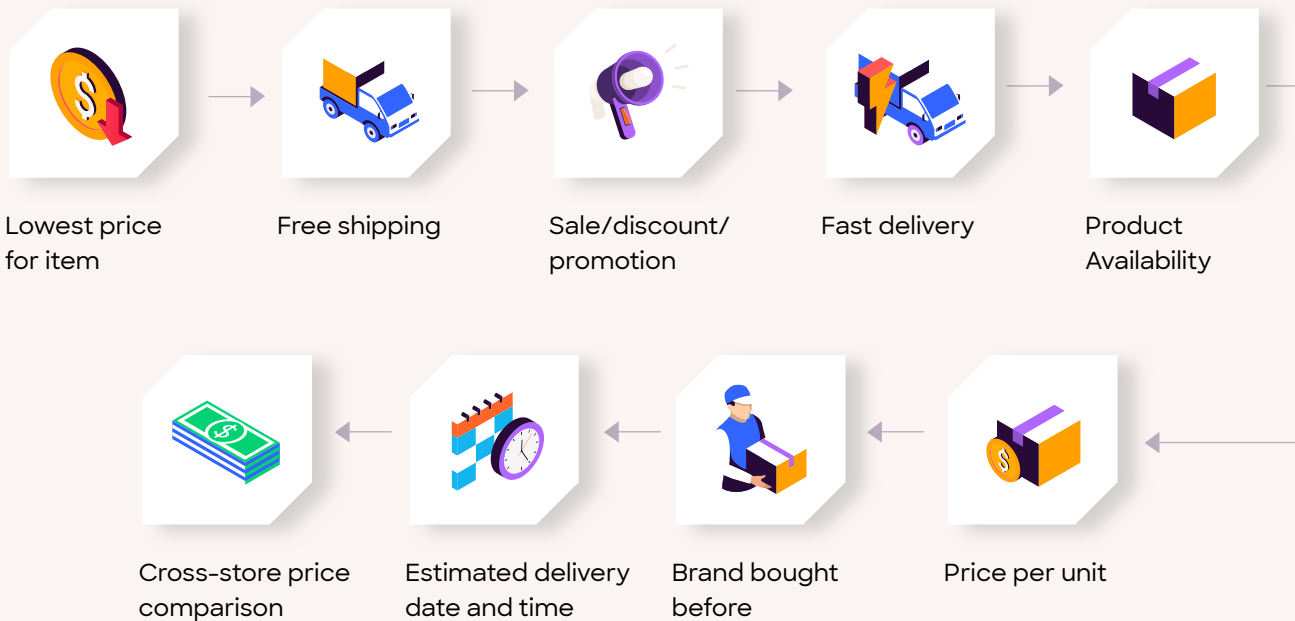
Key Insights

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What is the American Shopper Looking For?

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The American market is one of the largest and most developed e-commerce markets in the world. According to research conducted by Google, the saturated market may be an indicator of their values and can shine a light on their preferences. The most important purchase consideration for them is the price point, followed by free shipping, discounts, sales, and promotions, among many others. So, a key to selling to the American customer would be to keep an eye on the market to offer the best prices. Consumers are also more likely to opt for fast shipping instead of collecting the order themselves.

What influences American consumers when purchasing essentials online purchase

Lowest price for item → Free shipping → Sale/discount/promotion → Fast delivery → Product Availability

Cross-store price comparison ← Estimated delivery date and time ← Brand bought before ← Price per unit

Source: Google/Kantar TNS, Global, Shopping Preferences Study, 2018

HOPE COMES IN THE FORM OF AI

The Competitive Advantage of E-commerce

It is no news that the e-commerce industry has seen great days since the pandemic. But the reason for e-commerce's undeniable success is the benefits it brings to both retailers and consumers. The modern, internet-savvy consumer need only hop online to purchase the desired goods and can do it all from the comfort of their homes.

Benefits for the Consumers

Round-the-clock availability

Customers can shop at any hour of the day at their convenience. This is especially helpful for those consumers who don't have enough time at hand during the day. Websites with a smooth interface promise a pleasant online experience and have shoppers coming back.

Ease

Customers can shop online no matter where they are as no physical constraint brings convenience to the shopping experience.

Time and energy saving

Customers don't need to spend a lot of time carrying out their purchase, and what would usually take hours can be done in just a few minutes. Delivery agents are swift in bringing the orders home to the customers as well, saving them precious time and effort.

Unlimited options

Physical stores, no matter how large, have limited stock. E-commerce companies spoil the customer with a wide array of choices, making shopping more enjoyable.

Price comparison

Multiple options also allow customers to compare prices and features and thus zero-in on a particular product. This can be a tiresome and time-consuming process in physical stores. Online purchasing and product comparison is also ideal for customers who hesitate to ask about the price in stores.

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Benefits for Retailers

Not constrained by geography

Conventional shops are limited by their geography and cannot branch out without investing more money and putting in the extra effort. E-commerce changes this by bringing the world onto the retailers' plate, and companies can partner with the right corporate associates, meet the right clientele and find the right dealers.

More efficiency

The company works faster and at lower operational costs, as the transaction begins the moment the client places an order. This is known as 'pull strategy' in the supply chain and helps keep the stock on hand to a minimum, focusing on last-second deliveries. This way, companies can work quicker without carrying the cost of inventory.

Money saved

Operational costs for e-commerce businesses are significantly lower than that of actual stores. They save on staff, storage space and reduce operating expenditure as well.

Challenges for Big-box Stores

With e-commerce becoming essential to retail, big-box store owners worry that they may disappear entirely. They often feel at a disadvantage as online shops are open all hours of the day, providing services at the click of a button. They also allow customers to compare prices online, pick the best deals and have everything delivered to their doorstep, bringing in the kind of convenience that physical stores find hard to compete with.

A few of the challenges that retailers face is keeping up with the ever-changing prices. In an online space, prices can be changed quickly in a matter of seconds. This is not the case in physical stores, which require a stock person to look for the item and change its tag. It's a cost-prohibitive and labor-intensive process.

In many ways, though, AI tools are providing retailers with the ability to fight back. They are bringing about a digital revolution in the retail industry. Small ways in which big-box retailers are adopting these tools are through Electronic shelf labels (ESLs) and Computer Vision. While the former is essentially digital price tags, the latter helps to recognize items on the shelf, track inventory or display and even be placed in shopping carts.

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The Future of Shopping Lies with Omnichannel Retail

Covid has certainly changed the consumer journey, and new digital habits have been emerging. But neither are physical stores disappearing anytime soon nor is online shopping a passing trend.

About 46% of retail executives said they plan to increase investment in omnichannel retailing, according to BigCommerce and Retail Dive research in 2020. Retailers are focusing on creating smooth online experiences, and offering services like curbside pickups, touchless checkouts and more, to bring frequent customers as there is an increased focus on convenience. An efficient omnichannel strategy can give a significant boost to sales and increase revenue.

Omnichannel retail aims to provide shoppers with a seamless experience across both digital and physical channels, right from browsing online to order fulfillment. Think of it as a successful marriage between physical and digital. Both systems of fulfillment are great on their own, but together they promise much more and can smooth out all the kinks in the supply chain. Agility and flexibility are crucial to surviving as a retailer in a post-covid world, and a multi-channel experience can help with that.
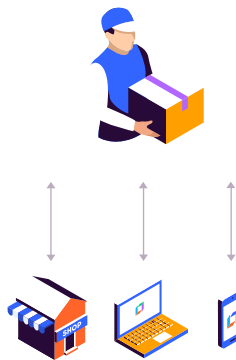
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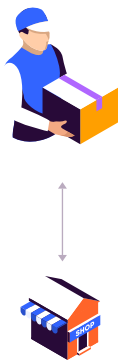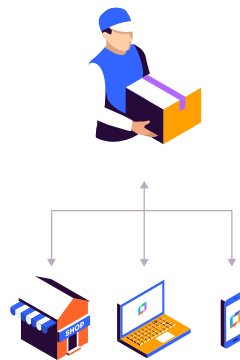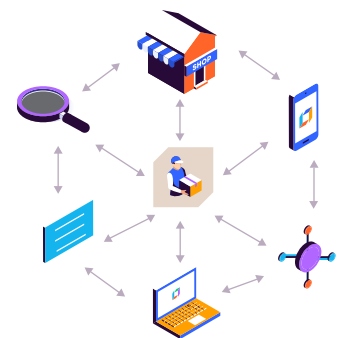
Single Channel	Multi Channel	Cross Channel	Omni Channel

Why Is It So Important Now?

Changing consumer behaviors, the rise of e-commerce, and fierce competition are a few reasons why omnichannel retail is seen as inevitable. Digital tools that were inconceivable before are now making both the retailer and the customer happy. Some of the reasons for omnichannel's growing importance are listed below:

Consumer attentioan spread out across channels

According to a study, modern customers are creative in finding ways to compare prices, download coupons and are also avid users of in-store and digital tools like tablets, price checkers, and interactive catalogs - whatever gets them the best deals. Omnichannel shoppers are also likely to spend more than single-channel shoppers.

Retail personalization

Today's technology brings with it insights into buyer behavior and provides highly personalized and customized deals to consumers. Every shopper has a unique journey across every channel. By studying the customers' historical data, emotional and unique connections can be established to help brands earn customer loyalty.

More avenues to shop mean more purchases

According to this study, omnichannel users spent an average of 4% more on each shopping occasion in-store and 10% more online than single-channel customers. Every additional channel meant more money spent in store. For instance, customers who used more than four channels spent 9% more in comparison with those who used just one channel.

What Can Locus Do For Big-Box Retailers?

The shift from physical to digital, using the omnichannel fulfillment model, is the way forward for big-box retailers. For brands to thrive, they need to shadow the customers and be where they are at all times. How well they fare is also dependent on how well they unde stand their customer and their needs. Locus helps retailers incorporate intelligence into operations for big-box stores. The following Locus offerings can help businesses build their own omnichannel platform:

Create optimized dispatch plans

Locus DispatchIQ can help with optimal handling of scheduled orders as well as on-demand orders with on-the-go rerouting. Its geocoding engine simplifies even the most complex of addresses into exact geographic coordinates so the order can reach the customer as quickly as possible.

Track orders in real-time

With TrackIQ, businesses can make real-time estimated time of arrival (ETA) calculations as well as delay notifications and adjustments on the go. Locus' real-time fleet tracking system makes use of an advanced, intuitive dashboard that makes sharing of reports and insights easy.

Plan for the long term

FieldIQ comes with the kind of operational flexibility that is necessary for long-term planning. This intelligent platform improves resource utilization and the operational efficiency of the retail supply chain. Permanent Journey Plan (PJP) and Permanent Dispatch Plan (PDP) can both be customized to meet the needs particular to a business, enabling a smooth fulfillment process.

Make smarter supply chain decisions

Locus NodeIQ is Locus' intelligent network optimization and design engine that makes use of deep science to weed out inconsistencies during data sanitation. It also creates a 'digital twin' of the supply chain, with a complete geospatial visual simulation, which can be used to run possible alternative scenarios and also plan for the long haul.

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The post-covid world will add a new dimension to the retail industry and AI will play a vital role in it. Businesses that want to flourish will need to evolve and adapt in the coming years and agility will remain a necessary survivor trait. Big-box stores cannot expect to survive without accepting that the age of e-commerce is here to stay. Store owners must be willing to explore outside of established structures to attract and retain customers.

Optimize your business with AI-backed technology from Locus. Get in touch with our experts for a quick tour of our offerings!

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HOPE COMES IN THE FORM OF AI

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Locus is a leading-edge technology company dedicated to solving the most challenging last-mile problems in global logistics.

43m+ miles
Reduction in distance travelled

18m+ tons
Reduction in GHG emissions

$200m
Savings in logistics costs

GROWTH, DELIVERED.

Know more

Locus

Locus is a leading-edge technology company dedicated to solving the most challenging all mile problems in global logistics.

1020m+
Total deliveries optimized

12m+ kgs
Reduction in GHG emissions

$288m+
Savings in logistics costs

GROWTH, DELIVERED.

Know more

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