Why the High Street needs a digital upgrade

Retail Systems editor Peter Walker sat down with Rob Shaw, EMEA managing director at cloud-native order management company Fluent Commerce, to discuss how the High Street certainly isn't dead, but does desperately need a digital upgrade to avoid hurting the bottom line.

Why are more retailers embracing technology?
Consumers are constantly changing their buying behaviour and don't have the leisure time they're used to, which has shortened browsing time in shopping centres and stores, so time and efficiency is important for them. Retailers need to become more relevant and allow a buying experience to be convenient, in order to capture customer loyalty and increase consumer confidence, to safeguard against the onset of increased competition.

Practically then, how do different tech products and services help retailers overcome challenges?
The biggest challenge in retail right now is how to protect profits and ensure sustained margins, because as a consumer base there may be a tightening of discretionary spending, but we haven't stopped spending. As a result, we're being more selective with how we engage with brands.

The onset of the Amazon model increased pressure on traditional retailers due to margin erosion, so technology provides a way to drive efficiency and support the cost base by improving time to value. Technology is also the perfect tool to help retailers advance their customer-centricity and engagement strategies, both of which drive consumer loyalty.

How can retailers enhance their omnichannel strategy to maximise sales, both online and in-store?
We've found, from speaking to our customers and partners, that the technology currently deployed by a retailer is considered a constraining factor around moving their omnichannel strategy forward.
It shouldn't be, technology needs to be an enabler.

The first thing we'd recommend is that retailers stop thinking in channels – that online and in-store are competing ways of engaging with the customer. At its most simple, you have one consumer and one product to sell. I truly believe the death of the High Street is just a myth, and if you look at the next generation of consumer - Generation Z, the 14 to 24 year-olds who are defined as digital natives, used to buying things online, actually on the contrary, survey data shows three-quarters of them still prefer to shop in-store.

The shopping experience is evolving and addressing the consumer expectations can be difficult if the current technology is limited - because a system is too reliant on other processes, so it can't be changed or adapted easily, or because it's cost prohibitive. Choosing an environment that's loosely coupled, easy to deploy, has a faster time to value and is cost-effective, is one way of ensuring digital channels and offline channels are connected.

With that in mind, retailers are increasingly cost conscious, so which tech should they prioritise, would it be back office infrastructure, or more customer-facing improvements?
This is something we're often asked, and the answer is both!

To expand on this point, I like to refer to a member of my team who compares the retail technology landscape to that of a house. The customer facing applications are a bit like the front of a house - you can paint it, make sure the garden's well-kept etc. to make the home appealing.

The back-end systems could be viewed as the foundations of how the house is built. No matter how beautiful the house looks on the surface, it you find evidence the brickwork is crumbling and unstable - you're simply not going to buy the house.

The lifeblood of any business should be how efficiently and effectively you can receive and fulfil an order - ensuring customer satisfaction and maintaining margins.

So, customer facing applications and back end systems are equally important and of course, you need to continually attract consumers to your brand however, the key thing, in my opinion, is to get the fundamentals right first.

Tell me more about the best approach to things like fulfilment, delivery and returns?

It's often the overlooked part of the whole experience, with retailers believing that it's all about presenting the product and transacting. But they really need to think about the whole offering, before and after the buy button.

In the UK alone, the cost of missed delivery slots equates to £1.6 billion a year, and it's growing. So, when considering eroding margins and profits, one of the things that needs to be simplified is getting the product in the hands of the consumer in the most convenient and cost-effective way possible. That's about giving choice to the consumer, and as a retailer, understanding the different delivery mechanisms.

When you think about returns, it's the same, but in reverse logic as it's about how cost effective and convenient it is for a consumer to send back a product. Technology should give options so that the logistics model works for both the consumer and retailer.

So where does Fluent Commerce fit into this growing retail technology space?

We're passionate about solving this complex problem in order management and orchestration. As a team, we've all come from either an e-commerce platform or delivery and logistics backgrounds. We understand the challenges retails have in controlling the increased costs and complexities in serving their customers. So, we're taking that expertise and applying it to take a different approach to solve the problem. I mentioned previously that technology is often a constraint, but it has evolved.

The onset of cloud native systems, together with utilising modern software technology has enabled us to provide our clients with a very cost-effective solution to give a single view of global inventory and orders, making for rapid time to value - in addition to giving their customers the ability to choose the most convenient way for them to order and receive goods.

We're also deliberately making it as easy to install and use for retailers as possible, so that's about augmenting around existing processes and systems – it's not just a case of rip and replace. We need to be quite conservative about how we deploy our solutions to make sure retailers get the maximum value.

How have you scaled up your business and what's next?

We're relatively new to the UK market as we started investing hard last summer. We're taking a partner-first model, meaning we work proactively with experienced systems integrators, agencies and complementary technology partners to give us global reach. We're making sure we've hired individuals that understand the problems that need to be solved, so that when we engage with a retailer, we can share best practices.

From a scaling standpoint, we're somewhat of a best kept secret in the UK market. During 2019, you'll see a lot more brand awareness and we'll start publicising some very well-known customer wins.

Finally, then, what have you learnt so far, and is there any advice you'd give to others looking to build their business?

Personally, I don't think there's one particular piece of advice I'd pass on. I've always been naturally inquisitive, so that's important for understanding problems and what's going on in the market. You need to be able to adapt to change and challenges, focus on your go-to-market strategy, but most of all, hire well and surround yourself with people who provide complementary skills and knowledge. That's a key to our success – having a great team ethos and culture.