



Customised IT solutions

**Atanu Ghose discusses
technology adoption in retail
and its benefits to SMEs**

The retail market is in a state of exponential growth. One needs to see the mushrooming of malls and shopping complexes in the metros and small towns in India to grasp the enormity of this growth. With the opening up of the Indian economy, availability of internationally recognised brands and the increase in the disposable income of people has created a retail explosion.

For many years the retail industry in India had been disorganised and consisted mostly of single-store outlets, a few retail chains and a large number of the friendly neighbourhood 'Kirana' shops. These outlets had pre-historic supply chains, inefficient inventory management; very few were customer focused and most were in the small to medium category. The sudden spurt in demand and a greater awareness amongst buyers for quality products and services, created a vacuum that could only be met by an organised retail sector, with fine-tuned supply chains, efficient inventory management and a totally customer focused view that was alien to India.

One of the key factors in achieving an organised and efficient retail operation is the use of technology as an enabler. Information Technology is the key enabler to improving customer satisfaction, operational efficiencies and by extension, profitability. A typical pan-national retail operation would have multiple regional warehouses, offices and retail outlets. In such an operation, how does the headquarters know the daily turnover at each of its outlets, how does it know which products are selling the most in which region at which outlet, how does one store know if a stock-out item in its own inventory is available at another store location for whom it is slow moving item? Most of these issues can be solved by the appropriate use of technology. The

ability to have current information on a real-time basis and analysing that data for better forecasting is some of the paybacks provided by technology.

Retailers all across the country believe that shrinkage due to inventory recording, handling and administrative errors, cost retailers, millions. In an intensely competitive, cost-conscious industry, decisions about IT and telecommunication infrastructure can make a vast difference. The right solution can result in improved productivity and major cost savings through key advantages such as more accurate supply chain forecasting and better inventory management. For example, given a situation where a retailer wants to increase its loyalty customer base, an organisation with relevant IT systems in place has a ready customer database, which is updated at every purchase that can be used to send mailers or promotional catalogues.





Another example where IT can be beneficial is a store management system that alerts out-of-place or stock-out items. The in-store system uses magnetic strips or barcodes or RFID to monitor actual versus intended product location on the floor or in the stockroom. By using RFID-encoded shelf edge labels with embedded shelf readers, a grid could be set up for verifying planogram compliance for standard shelving and promotional displays, with a corresponding alert for misplaced items sent to store personnel. Big payoffs could be realised for frequently moved and misplaced items, such as apparel, shoes, CDs and DVDs.

Retailers need to understand that technology is not a sunk cost but rather an investment to reduce heavy long-term costs. It is an investment to maintain competitive advantage for long-term growth.

Retail solutions

There are many retail solutions available in the market from both internationally reputed software companies as well as locally developed small or homegrown systems that fill a niche market for smaller retailers. It must be kept in mind that many of these solutions are often developed with a very narrow focus, without proper documentation and little regard to architecture or quality; as a result scalability and configurability suffer. Very few solutions can be categorised as 'end-to-end' retail solutions covering everything from point-of-sale (POS) to back office and head office. Solutions can range from a single store with one POS to a

complex, multi-store environment that integrates with your overall business operation. Some of the better-known solutions like LS Retail, SAP, Oracle Retail, JDA and Landsteiner offer comprehensive end-to-end solutions. They are scalable, work in a geographically distributed environment and are modular enough to suit most retail requirements with minor customisation.

Technology coupled with retail dynamics is definitely a win-win situation for retailers. With the coming of international retail players, it has become imperative for small and medium sized environment (SMEs) to take a step towards technology adoption to reap optimum benefits from their business.

As an example, the LS Retail suite of solutions provides support for smaller stores as well as large multi-store, multi-location setups and has been localised for the Indian industry. It provides flexibility, scalability and granularity that help in reducing the total cost of ownership, improve profitability and prepare retailers for changes in both, business and customer behaviour. LS Retail provides the ability to make minute decisions with fewer mistakes. LS Retail can recognise current consumer trends and reduce the total cost of inventory. 🇮🇳

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