By Jeanne-Riëtte Martins

Rising to the challenge of accelerated change

According to a report from McKinsey & Company, retail automation is reshaping FMCG business models, as margin pressure is mounting, driven by more competition, investment in e-commerce and pressure to increase wages. You will know very well that these cost pressures are not new, but many retailers have exhausted traditional cost-reduction mechanisms.

As it becomes more difficult to pass on costs to your consumers in this highly competitive environment, automation has become a necessity for retailers who need to reinforce and increase their margins.

In addition, the McKinsey report shows that most of the bottlenecks to retail automation are internal – and that retailers who have not yet jumped at implementing automation are falling behind.

Retail automation and payment solutions go hand-in-hand, with the customer's experience at the centre. Having payment solutions that allow your customers to conclude a transaction quickly and securely is vital, and effective payment solutions that provide individualised options have become an important differentiator for retailers.

The future of retail is automated: retail automation and payment solutions go hand-in-hand, with the customer's experience at the centre. iStock by Getty Images

There is no doubt – the future of retail is automated

In the current landscape of retail automation, there are various options available to you, whether in stores, distribution centres, warehousing, or supply chains. These systems and technologies require an upfront investment in time and money, but you will reap the benefits in areas such as:

Automated manual processes

If you are still relying on manual methods for repetitive tasks such as inventory management, reporting and analysis, accounting and other workflow processes, automation can provide you with increased accuracy that eliminates human error. The premise is that automation doesn't necessarily replace the human function, but serves to ramp up the efficiency and speed of monotonous, manual tasks, in turn allowing human resources to be adapted and utilised in more effective ways.

For example, you may be using a 'good-enough' spreadsheet system to manage your inventory and track stock on hand. Implementing a suitable automated solution will help you to minimise risk,

while synchronising your inventory and processing of orders across sales channels. The system modifies stock statuses each time an order is completed.

Automated inventory management systems offer the benefit of reliability, and features tools for strategic decision-making in the form of updated stock counts and inventory replenishment.

In a warehouse setting, a global research study by Zebra Technologies stated the following ...

> **"** Workers already use handheld devices to read barcodes and radio-frequency identification tags (RFID). Drones inspect labels and inventory counts, minimising workplace injuries. Picking, sorting, and packing are also seeing a digital transformation, with assisted and augmented-reality technologies providing visual cues to workers. And this is just the beginning. **"**

Arch Retail is one such solution offered by Arch Software, which integrates in-store business processes into a single centralised system. David Geldenhuys, Marketing Executive Officer, Arch Software, says "The power of automation is further enhanced by integration of in-store operational processes, which improves efficiency and ultimately profitability.

A good example is Arch Mobile, integrated into Arch Retail, the in-store management system. Arch Mobile allows on-the-floor access to operational

Image courtesy of Arch Software

A successful store solution provides you with more than a speedy check-out process – it provides operational order and discipline and ensures that customer shopping expectations are met.

information, by canning a product on the shelf. Stock enquiries, sales enquiries, shelf label printing, price changes and stock picking, can all be done while walking the aisles."

Automated retail marketing

The need to consistently promote your business and keep up with marketing strategies can be overwhelming, but technology allows you to easily send out tailored data- and behaviour-driven offers and communications to your customers.

Through this kind of automation, you not only drive promotions, but build that all-important trust – and improve customer retention. Loyalty-building marketing automation includes engaging your customers via email. Sending welcome emails or special personalised offers creates value and relevance for customers. In addition to this, you are able to send automatic requests for customer reviews after they've made a purchase or visited your store. With targeted emails, you can nurture customer leads with content, which is thoughtfully curated based on their interactions with your store, maximising conversions as well as loyalty.

Engaging your customers on social media is essential for retailers of any size. Marketing

automation makes it far easier to package and promote your retail brand via social media, while integrating your brand message into campaigns across all your marketing activities. In addition, social media marketing automation allows you to create a consistent experience of your brand across various platforms.

It also analyses content to let you know what works, giving you the option to test and adjust your messaging where necessary. You can send welcome messages, DMs, adverts and website links, and schedule valuable content to consistently remain front and centre in the minds of your customers.

Overcoming the hurdles

What are the challenges that retailers face in implementing retail automation?
Broll Property Intel's latest report titled *The Evolution of Retail* highlights some of the changing retail, consumer and technology trends in the South African setting, which is among the most competitive globally. The report examines where retailers are constantly seeking out opportunities that will bolster market share and customer retention.

Elaine Wilson, Director of Broll Property Intel is quoted as saying that new offerings within centres, new retailer products and unique experiences for customers are vital to attract market share. The retail market is changing and evolving at a rapid pace, with innovation being one of the key success factors to survival.

How is automation changing the face of retail in South Africa?

Customer loyalty and retention is a key goal for retailers and part of achieving this is responding to customer expectations by providing new solutions. Wendell Trican, Technical Solution Expert-Retail for Bizerba says, "Some of these trends include seamless omni-channel shopping; technology-driven brick and mortar stores; advanced analytics for personalised experiences; and sustainability. In addition, 2020 was a year that changed the way customers purchase in retail, with the global pandemic not only changing customer preferences but also enhancing the drive towards innovative shopping experiences. To be able to accommodate these changes and to operate and generate seamless experiences, retailers had to adapt to other methods of selling goods. This is where automation has played an essential role."

As automation increasingly drives change in retail, Bizerba has channelled more into becoming a software-driven company for weighing, slicing, and labelling technology. This brings innovations such as object recognition and in-store ordering solutions to the retail industry, especially in-store

butcheries, fresh produce, and other areas where weighing and scales play such a vital role. "Scales that offer object recognition provide customers and store assistants with a no-touch solution, which has become much more important to consumers since the beginning of the Covid-19 pandemic," says Trican.

The advancement of cloud technology, centralised price data, BB (best before) dates, allergens, and more means that the latest in automation technology has virtually limitless potential when it comes to weighing, scales and food production equipment. With access to various applications, tools and reports, foodservice operations, for example, can determine optimal production levels by analysing both waste and lost sales.

Trican advises retailers to listen to their customers and data collected from their environment and equipment: "By establishing a solid customer-platform and by utilising and analysing the data received, retailers are empowered to make the right decisions that enable them to provide relevant automation solutions to their shoppers."

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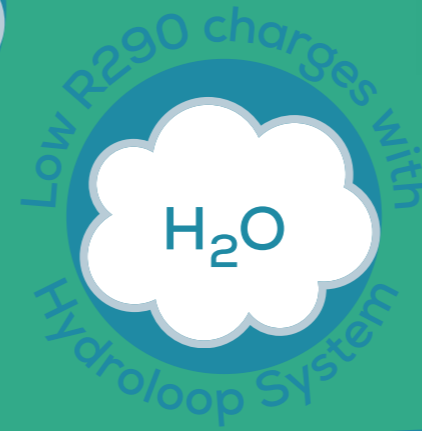
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Manager of the Springbok SuperSpar in Springs, Miguel Jorge, explains that being part of an organisation such as Spar is helpful in that the group is always looking for ways to keep retailers from falling behind the competition, as information about improved automated offerings becomes available. With regards to making the change, he says ...

❝ Of course, cost will be a deciding factor. To invest money into something that might not gain traction with your customers or become obsolete in the near future would mean the decision to implement a specific technology would probably only be made once it's obvious that it's a must-have. **❞**

He believes the drawback of this approach is you could lose customers who find their desired payment solution or automated alternative at other stores.

Other notable challenges you may face along the retail automation journey are skills and training of employees and communicating new services to your customers while simultaneously managing their ever-growing expectations. You will find, however, that retailers who have successfully adapted to rapid market changes by embracing sophisticated technologies (that suit both their business models and their customers) are thriving in this fluid business environment.

Checkers Sixty60 has created more than 800 new jobs since the beginning of lockdown in 2020.

Image courtesy of Shoprite Holdings

Fast tracking the trust relationship with alternative payment solutions

Depending on the scale and nature of your business, you will want to offer the customer as many convenient payment options as possible at your various points of sale (POS). This includes cashless purchases and smartphone payments. The challenge, however, is to ensure that your offering is both effective and efficient.

There are a multitude of factors driving the evolution of payment solutions, among these consumer demand for safety (for both health and crime), the slow but steady move to a cashless society, shopping through apps, online shopping, redeeming loyalty points for instore and online payments, and more.

One of the effects of Covid-19 is that it forced both retailers and customers to quickly adapt the way they have been transacting with one another. Large retailers have had to rapidly augment their online stores, adding efficient delivery services to their offerings (through partnerships with online grocery and delivery services, or even purchasing them outright. For example, Pick n Pay launched an on-demand online grocery delivery service less than a week after the start of lockdown in March 2020 (Pick n Pay purchases Bottles, October 2020). On the other side of the coin, customers have had to fast track their trust relationship with online purchasing.

❝ Increased demand for the fast and cheap online shopping service provided by Checkers Sixty60 saw the offering become the top grocery shopping app in South Africa in less than 18 months. The app has been downloaded more than one million times and is estimated to process around ten thousand orders per day. **❞**

Between April and September of 2020, Standard Bank's card division showed an 84% increase year on year (YOY) in the value of online spend at supermarkets and grocery stores, while the increase in the value of spend at online general retail stores increased by 458% YOY.

Over the same six months, 20% of all credit card transactions by Standard Bank customers were done online, while 17% were contactless payments, meaning they were made using tap-to-pay or via a mobile device. Contactless spend at petrol stations increased by 608% YOY, by 179% YOY at wholesalers, and 137% YOY at supermarkets and grocery stores.

In their report called 'Economy 2021', the Mastercard Economics Institute states that …

> **"** In terms of the e-commerce spending surge, a permanent stickiness factor of 20-30% is estimated in overall retail spending, a key consideration as businesses contemplate scaling up their digital transformation efforts. **"**

"This shift was also highlighted in a recent Mastercard e-commerce study, which revealed that 68% of South African consumers are shopping more online since the onset of the Covid-19 pandemic.

This trend appears to be here to stay, as 71% of respondents said they will continue to shop online post-Covid-19."

iStock by Getty Images

"Retail customers are increasingly discerning, and more: they are empowered with the information to consciously decide where and how they shop."

Unstoppable innovation in payment solutions

Ideal payment solutions ultimately ensure that both parties to the transaction are happy. You, the retailer, are able to conclude the payment with a guarantee that funds will be deposited into your account quickly. Vice versa, the customer can trust that their exposed payment credentials will be kept securely.
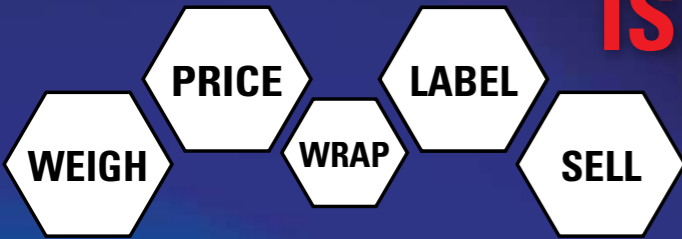
"The future will belong to those retailers whose strategy is directed by customer centricity. Online shopping is all about convenience for the customer, inclusive of the supporting payment process. Two-way communication between the store and the customer in this process is of utmost importance, not only to optimise the execution of the order, but also to set the customer's mind at ease regarding the validity of payment. Integration of the online platform into the in-store solution enhances efficiency and accuracy of order execution, ensuring the amount to be paid by the customer is accurate" says David Geldenhuys of Arch Software.

As a retailer you want to select payment solutions that provide you with low transaction

fees, devices that are not tied to a physical store, easy reporting and reconciliation tools, simple and quick integration straight into bank accounts and easy setup with low maintenance.

All the major banks offer credit card processing services and terminals that integrate at point of sale. Let's look at some of the most popular payment methods currently in use:

1. Samsung Pay. All of the big four local banks (FNB, ABSA, Nedbank and Standard Bank) support Samsung Pay, which allows users to pay using only their smartphones at any payment terminal that supports contactless payments. The app works with contactless support (utilising NFC (Near Field Communication), a standards-based short-range wireless connectivity technology that provides convenience for consumers by making it simpler to make transactions, exchange digital content, and connect electronic devices with a touch.) However, this is not a must-have feature to use the service. Instead, Samsung Pay uses a widely accessible MST (Magnetic Secure Transmission) service. MST is preferable because it is easy to use and to complete payments. It mimics card terminal swiping options of card terminals.

2. QR payments. As of April 2020, as many businesses were forced to take a critical look at how they could deliver services in an uncertain future, local retailers Shoprite Group and Pick n Pay started accepting QR payments, which allow customers to scan the QR code at the till

point with their phones and pay with Masterpass, SnapScan, Zapper, FNB Pay or Nedbank Pay in any of their stores.

3. OZOW. This automated EFT solution provides secure, instant and irrevocable bank-to-bank payments. This means that once a payment has been confirmed, the transaction is irrevocable with no chargebacks. No physical card is required, and the system enables you to receive payments directly from your customer's cheque, savings or credit account. There is no need for shoppers to enter into a lengthy registration process either, instead they can simply log in using their Internet banking details.

4. Apple Pay. Since March 2021, the Apple Pay function on iPhones and Apple Watches is available in South Africa for customers of selected banks. First National Bank is a notable exception. Apple Pay allows a customer to process a payment at any terminal that accepts tap-to-pay cards, which use the same NFC system.

5. Standard Bank's SimplyBlu offering is an alternate to Shopify, allowing you to take your business online with a customisable e-commerce website that offers secure payment options. SimplyBlu also offers you the ability to send electronic invoices and receipts to your customers and accept domestic and international credit and debit cards from Mastercard, Visa, American Express, Discover, JCB and Diners Club.

6. Yoco – which recently passed R1 billion in monthly transactions – offers a payment solution for credit card payments and online gateways. Yoco's online payment gateway integrates with WordPress & WooCommerce , as well as Wix and Shopstar online stores. Yoco offers countertop solutions for small retailers and integrates with POS, accounting, and loyalty software.

7. SnapScan is a payment solution that essentially turns your customer's smartphone into a portable point of sale device. Customers download the app and complete the payment by scanning a QR code, with no extra hassle to you. SnapScan also has solutions for physical locations and online portals.
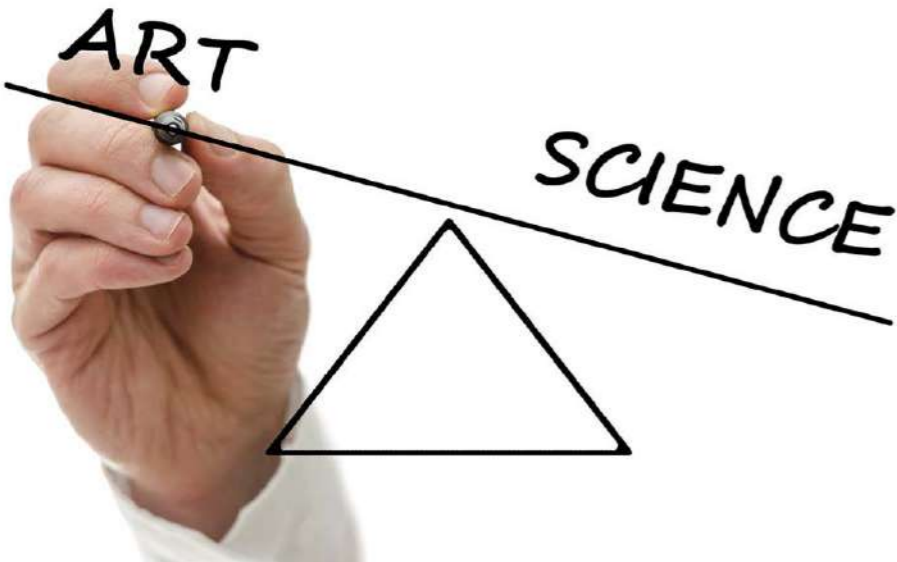
There are no monthly fees or minimum spend, just a standard 3% transaction fee is charged. SnapScan also has a large adoption rate by many businesses and consumers in South Africa, so there is no need to worry about limiting your business transactions. Users simply download the SnapScan user app, set up their details, scan their barcode and complete the payment.

8. Masterpass by MasterCard works in the same way as Snapscan or Zapper. Your customer scans your QR code and pays via the Masterpass App. Masterpass users can also scan SnapScan QR codes as the processes are integrated. Masterpass is available for both Nedbank and Standard bank account holders. A standout feature of this product is that there is no need to buy or rent a card machine and you can present your QR code to customers in countless scenarios. Merchant fees are negotiated between the merchant and the bank. You may incur additional costs to implement Masterpass for online or in-app purchases.

9. QR Speedpoint® by FNB is a feature on the FNB Banking App, which allows you to generate a QR code to accept payments for goods and services on the move. QR Speedpoint® is compatible with most popular QR code scanner apps and the service is available to all FNB Business Account holders at no extra cost. The app features easy registration and integration with your business bank account.

10. Zapper is a mobile payment platform that also works with apps and QR code payment scanning. Customers scan the QR code with their Zapper App, complete the payment and you get your money. An added bonus is the customer loyalty and rewards platform. Fees work on a tiered option for business sales; starting off with as little as R0 monthly fees and 2.9% transaction rate; which decreases as your monthly fees increase. All your receipts, stats and insights are readily available via the Zapper merchant app. Zapper also comes with a built-in reward feature, which you can set up to incentivise loyalty with discounts and savings.

These are but a few examples of innovations in payment solutions available to retailers from small and mobile, to large organisations providing omnichannel customer experiences.

Ecommerce and the importance of performance testing

Considering the rise and importance of e-commerce in retail it is essential that websites and apps work and perform properly, every time and across all devices. Performance Testing is a service that helps you understand how your system copes under load and stress by testing your website, software or applications against simulated and real-world scenarios.

By finding and eliminating any weak points in your system, you can be confident that your customer has a seamless user experience and is able to perform what they need to do, whenever they need to do it. Web Performance is especially vital in the retail industry.

Simon Hearne, Web Performance Architect, Inspired Testing, says …

> We've seen e-commerce and retail make the best out of web performance because it's easier to measure the impact that performance has on business outcomes.

"As a retailer, you need to be asking whether you are as fast as your peers and your competitors. The next step is to implement easy steps to consistently deliver the best possible user experience." Hearne explains that in a customer-driven environment, website performance should be a top priority for a business.

Slow websites can present a real risk to business success. Research has shown that slow online experiences cause stress, in turn causing customers to quickly leave. "Just last year, Cyberduck did a study using blood pressure that showed how slow websites are the leading cause of increases in blood pressure while someone is using a website!" says Hearne.

Ultimately the aim is to deliver value to your customers. Hearne says, "Anything that reduces thecustomer's stress will mean a better user experience, better business outcomes and give retailers a better result from their website and apps."

Ensuring a faster, improved customer shopping experience

Whether implementing your next big project includes retail automation, or simply incorporating a new payment solution that improves your customer's shopping experience, the process will require strategic planning.

Your customers are increasingly discerning, and more: they are empowered with the information to consciously decide where and how they shop. As a retailer your success ultimately depends on the ability to provide safe shopping environments, with quick and easy payment processes and an excellent customer-centric experience throughout. **SR**

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Jeanne-Riëtte Martins is a multi-specialist writer with a degree in Industrial Psychology. Influenced by her background in human resources and consulting, she writes on issues that impact businesses from SMME's to corporates across various industries. An award-winning blogger, she collaborates with some of South Africa's largest food and family lifestyle brands through her blog and social media profiles. Her writing repertoire includes B2B and B2C content. She is also a human resources professional with over a decade's worth of specialisation in HR, payroll management and industrial relations. Based in Johannesburg, Jeanne-Riëtte has an analytical mind and a creative heart. Contact Wilkins Ross Communications at jeanne@wilkinsross.co.za

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digital payments are transforming how retail business gets done.

It's an exciting time to be in the payment industry where the dynamics are quickly evolving, as businesses and customers shift from cash to digital payment methods creating opportunity for innovation and growth. The rise of alternative payments coupled with the increased adoption of contactless payment methods, such as Apple Pay and Masterpass, means that retailers need to diversify their payment offerings to meet the demands of their customers.

The success of QR-based payments has greatly assisted with making customers comfortable with alternative payment methods, and the increase of in-store financing and micro-credit options utilising the mobile QR code payment mechanism will play a key role in boosting merchant sales and growing loyal customer bases. This trend of instant credit payments is already evident in the e-Commerce domain and will soon be felt in the physical store environment.

What are Alternative Payment Methods?
Alternative payments refer to the methods that are used as an alternative to cash, credit card and debit card payments – these include digital wallets, instant EFT, and payment instalment options.

Emerging In-store Customer Credit Options
Shoppers, particularly millennials, are increasingly wary of accruing additional debt through high interest credit cards and are looking for simple, affordable, and flexible payment options. Retailers can provide their customers with access to numerous alternative payment providers, including in-store instant credit, to pay for goods and services, such as:

● **Buy Now Pay Later (BNPL)** – this is one the fastest growing payment methods globally and empowers retailers to provide their customers with a simple

and flexible way to purchase goods and services immediately but pay in instalments over a specified period, often with no interest to the customer. The retailer gets their funds right away and the BNPL provider takes on the risk of securing the repayments from the customer.

- **Purpose Based Lending (PBL) / In-Store Financing** – a real-time lending product that enables customers to finance goods and services over either a short or long-term basis. As it is flexible, it helps when making higher value purchases or having to finance costly services.

- **Lay-By or Purpose Based Savings (PBS)** – an interest free payment service allowing customers to save and pay for goods over time.

- **General Credit** – a convenient once-off application credit facility that allows customers to shop at participating retailers. With a revolving credit limit, customers can spend whatever is repaid.

- **Subscription Agreement** – where the customer agrees to pay a fixed monthly subscription amount for an agreed subscription period to a service provider for the use of goods or services.

The payment experience is a focus for retail innovation. It quickly fosters customer loyalty, boosts sales, delivers an enriched customer experience and differentiates a retailer against its competitors. By implementing QR payments, utilising existing payment hardware and infrastructure, such as Pin Entry Devices (PEDs), retailers can enable a host of alternative payment providers.

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Adumo is South Africa's largest independent payments processor trusted by retailers across Africa. Utilising our in-house platform, Innervation Mobile QR, we are enabling merchants for alternative payments through a single POS integration.

If you are a large multi-national, independent, entrepreneur or an online retailer, we have the technology and expertise to help you understand which Alternative Payment methods will grow your business. See: adumo.com