Offline retailers relying on tech to counter e-tailers

HYDERABAD / CHENNAI: Brick-and-mortar retailers are turning to technology to face the increasing challenge from their online counterparts that offer massive discounts and targeted reward programmes, with a clutch of start-ups stepping in to provide better data collection and analytics to companies which have lagged behind in collecting inputs on customers until the transaction is complete.

According to Kumar Rajagopalan, CEO of Retailers Association of India, online retailers are spending up to 7% of their total spends on technology while the share is just 1% in the case of old businesses that are now playing catch-up.

Start-ups have made technology affordable through use of Internet of Things, Bluetooth Low Energy technology and data analytics. Building around Apple's indoor positioning system, iBeacon, start-ups such as Beaconstream and Bfonics have developed targeted marketing and deals for traditional retailers.

"We have many methods to market outside the stores including digital marketing," said Gautam Mandewalker, chief technical officer of Bengaluru-based Beaconstream, a proximity-based mobile marketing start-up. "But when the consumer is inside the store, there is no way by which the retailers could collect any statistics about the consumers or effectiveness of sales."

Beaconstream, working on iBeacon and BLE technologies, provides retailers detailed inputs on time spent by the customer in the store as well as categories browsed that come in handy for targeted marketing. It also lets customers share the data on social media.

The product is currently being tested at a pilot stage in Chennai's Citi Centre mall. "We will add five beacons to cover the mall area and brand stores within the mall on a pilot basis. After completion of the pilot, the stores can take it up to their individual units outside the mall as well," said Shyam Pawar, manager at Citi Centre.

Kerala-based Bfonics is working with some major retailers in the United States and also have clients from India and the Middle East. "Shoppers can avail real-time deals and dynamic pricing with personalized messages from the retailer, which gives them a better shopping experience. We also help clients integrate our dashboard and the beacons to their existing mobile applications for customized solution," said Arun Raj, chief technical officer of Bfonics.

Wireless data used by Torchsight to track smartphone users in a store helps offline retailers gather data about consumers which was previously available only at the point of sale during a transaction. "The anonymously collected data gives the retailers the window-conversion rate on how many customers actually entered the store while walking past it, how much time did a customer spend inside the store (bounce rate) and helps the stores optimize their operations," said Anup Balagopal, co-founder of Bengaluru-based Torchsight, which works with 50 stores, including the likes of Chumbak and lifestyle store Eka.

From mapping the intent to buy to managing ground staff during peak hours, the technology helps stores optimise business. "We have received some interesting metrics from Torchsight which were previously collated through excel sheets. On our wish list is a feature to monitor hotspots within the store, which will help us determine which category attracts more shoppers to browse and

create appropriate window display," said Kenneth Menzies, founder and creative director at Eka. Start-ups such as Tickto are looking at converting customers who walk into an offline store for touch and feel of the product but would rather buy online for a discount. "The retailer can offer an on-the-spot discount for converting the visit into a transaction in an intelligent context-and-location aware fashion," said Sudip Roy, founder and CEO of Tickto, a Silicon Valley start-up with its product development centre in India run by Sujoy Mitra, director for product management.

The bluetooth LE and wi-fi tracking system generates heat-map in a store layout showing sparse and dense footfall zones as well as in-store navigation to get the customers on the right aisle. Incorporated in April 2014, the company is currently working with couple of large fast-moving consumer goods retailers and is in advanced talks with a few malls to convert them into 'smart' malls.

"The most important factor why offline retailers are adopting technology is the increasing number of customers who are on smartphone and other devices. Also, the cost of technology has come down and SaaS (storage as a service) model is more relevant today, driven by competition from discounts offered by online players," said Kumar Rajagopalan.