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RETAIL

Retailers leverage Google tech, data to adapt shopping journeys

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Google is attempting to bridge the technology gap for retailers. Image credit: Printemps

By ELLEN KELLEHER

Technology giant Google is developing new products and services to help retail partners address how the COVID-19 crisis has fundamentally altered the role of the store.

Speaking at the National Retail Federation's Big Show on Jan. 12, a senior Google executive discussed how the pandemic has not only amplified critical differences between retail leaders and laggards, but shortened the time available to play "catch up" in digital transformation and ecommerce. As retailers adjust their approaches, they are becoming more agile adapters of technology with the help of Google and other tech companies.

"Everyone has seen the role of the store has changed forever," said Carrie Tharp, vice president for retail and consumer for Google Cloud, San Francisco. "We're seeing a lot going on in this space."

Supply and demand

In a conversation moderated by Vicki Cantrell, CEO of Vendors in Partnership LLC, Ms. Tharp elaborated on the digital changes that are taking place already and how they will alter the store design of the future.

To transform themselves from laggards to leaders amid the pandemic, senior retail executives have already migrated to curbside and in-store pick-up programs at a much bigger scale than they were contemplating before, noted Ms. Tharp.

Google is currently developing capabilities that sit atop ecommerce platforms to improve on retailers' product discovery capabilities.

These include a product for demand forecasting and a special Google search function for retail. Ms. Tharp reported that retailers are also keen to introduce new styles of dynamic pricing, different promotional capabilities and new loyalty programs.

Leading the way in terms of innovation are retailers such as coffeehouse chain Starbucks, which is now building more walk-through locations without seats in a range of cities. Such changes fundamentally change the store journey.

Starbucks is changing its approach in the wake of the pandemic. Image credit: Starbucks

The relationship consumers have with a store's supply chain has also undergone a transformation, as shoppers now want more visibility on inventory levels.

"They want to understand how much of a specific product a retailer has at a specific location and they want to know how fast they can get it," Ms. Tharp said.

As a result, retailers face pressure to bring their "behind-the-scenes" inventory data to the frontend of their operations. Retailers are also having difficulties gauging demand.

"It's really, really tough for retailers right now to see what their demand is and that impacts all of the parts of their business," Ms. Cantrell said.

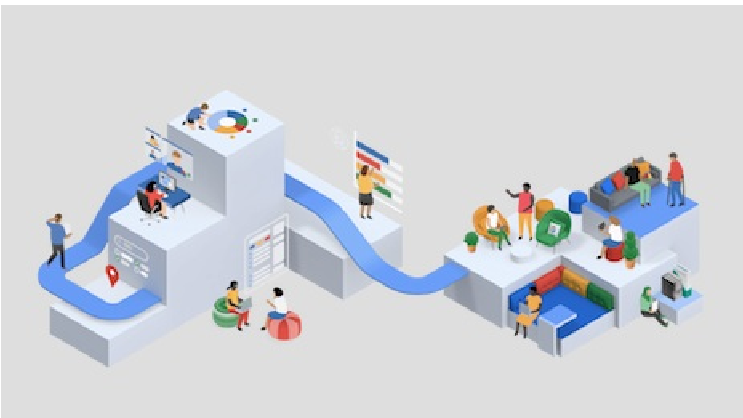
According to Google, online searches for products located nearby are up 8,000 percent. Searches for capabilities such as curbside pickup has jumped by 3,000 percent in recent months.

"Even if [shoppers] were looking for Christmas gifts, they wanted to know which retailer has an item near them," Ms. Tharp said.

Retailers are eager to move beyond standard year-over-year forecasting methods to more nuanced ways of forecasting demand.

"Now, it's not just about thinking about last year's sales, but understanding a whole number of other data sources, even including weather patterns or the actual flow in COVID-19 patterns in a particular zip code," Ms. Tharp said.

Technologies such as Google Cloud play a key role as retailers grapple with how to predict and meet demand levels. Artificial intelligence also helps brands to identify patterns and decipher data.


Google is partnering with brands to improve profit and loss statements. Image credit: Google

The need to have data at hand quickly has also reinforced the importance of technology partnerships to improve profit and loss statements.

"I think it's always important for us as a partner to be thinking about the problem retailers are trying to solve if you put yourselves in their shoes," Ms. Tharp said. "At the beginning of the COVID-19 crisis, we quickly scanned every capability we had from Google Cloud and said, who can use that for what right now?"

As the situation stands, the flexibility of the architecture retailers use is changing as they build systems that incorporate ecommerce, store infrastructures and data platforms.

There is no "one size fits all" model for every brand as the architecture depends on the complexity of the journey a retailer is attempting to introduce.

Digital tools embraced

As part of the online push, retailers have invested more heavily in digital advertising to woo consumers marooned at home amid the COVID-19 pandemic.

The results of this push proved successful as the conversion rate, or the percentage of people who clicked on digital ads and then made a purchase, came in 32 percent higher in 2020 than in 2019, according to a joint study from marketing and advertising platforms LiveIntent and MediaRadar (see story).

There is no doubt that the COVID-19 crisis has accelerated retailers' migration to a more digital approach. However, in recent years, a growing number of retailers have talked about the benefits of harnessing the Internet of Things, especially as a way to improve store operations and inventory management.

According to a 2018 report from Retail Systems Research, 69 percent of retailers believe IoT will drastically change the way they do business, up from 53 percent in 2017. The interconnectivity of devices from smartphones and cars to home appliances and more is already having an impact on consumers' everyday lives (see story).

"The question is how do you enhance the customer journey and change it over time?" Ms. Tharp said.