It's Time We All Agree On What Smart Retail Really Means

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Smart retail – everybody's talking about it, everybody's doing it, but what does it all really mean?

As the former Vice President of Target's Store of the Future project, I know more on the subject of smart retail than the average bear, but it was only recently that I, too, realized that there is still so much more to learn, and, more importantly, to do.

Recently, I was asked by Silicon Labs to participate in the webinar – What's Next in Smart Retail Technology? It was an experience that blew my mind in a subtle, yet profound way. You can watch the webinar in full here, but I will share the most important takeaways with you now to quickly set your business straight on smart retail.
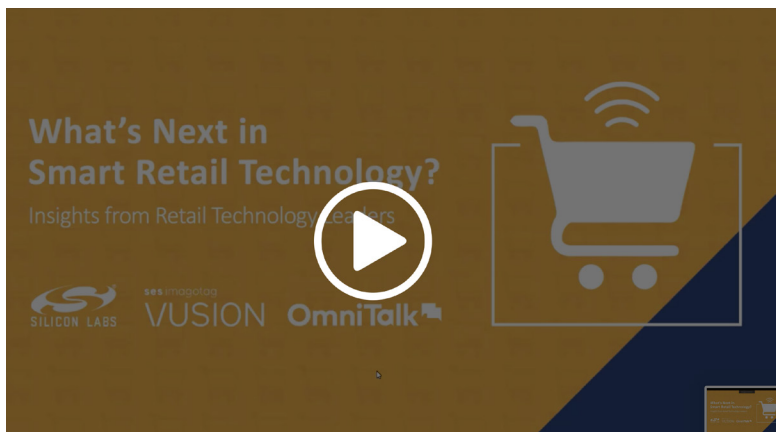
You see, smart retail isn't about some fancy tech with a cool sounding name. It is a mindset. In many ways, it is like good improv, about agreeing and expanding or, as I like to call it, about having a willingness to take risks and to say, "Yes, and?" to anything new one might hear.

Yes, these two words – "yes" and "and" – are absolutely crucial to advancing the adoption of smart retail technology. One can talk about checkout-free this or robots that, but the right answer isn't predicated upon any single one of these much ballyhooed or media-hyped ideas.

The right answer is actually predicated on all of them.

Collectively.

Stop and think about that for a second because it is a big context shift.

What it means is that the future of retail is not about solving one particular problem or about just getting from Point A to Point B. Rather, it is about setting the right infrastructural foundation in place so that any problem can be solved or any consumer journey can be improved, regardless of whether the issues inherent within either of them are even known by the retailer today.

It is about experimenting with technologies today that ladder up to the eventual digitization of the physical world as a collective system and not as a one-size-fits-all answer.

Source: **ses** imagotag

The seminal moment in cementing this last point hit me late one night as I was preparing for the webinar. While watching a video that my fellow panel participant, Loïc Oumier of SES-imagotag, had sent my way, I realized an important point I had been missing all along.

"Smart retail is about the virtuous effects of coordinated systems working together to unlock value."

On the surface, the video above looks like a simple, straightforward demo of all the use cases surrounding electronic shelf labels, but study it closely and what you see is that it actually belies a much bigger point – namely, that smart retail is about the virtuous effects of coordinated systems working together to unlock value, as opposed to technologies that work in isolation to solve singular, rudimentary problems like in-store labor expense.

Electronic shelf-labels alone are a great example to illustrate what I mean.

At a top level, price tags are digitized, which means, retailers don't have to spend as much money on store labor and print jobs. Stopping there and saying that is all they are, misses the far bigger point, for they also can be an important, smart node within the network of omnichannel retailing.

Strategically, electronic shelf labels within the context of this discussion are important for a couple of key reasons.

First, they are an outlet for retailers to mark their in-store prices to the digital market in real-time. This point may not sound like much now, but wait until Amazon opens up more full-scale grocery stores and decides to run its own Amazon Fresh Prime Days on the 1st and the 15th of every month. As a result, any retailer currently using outdated manual processes to update its prices in-store will one day read this piece and say to themselves, "Crap. I wish I had paid more attention to that dude and gotten on the electronic shelf label bandwagon earlier."

Second, electronics shelf labels also serve as coordination points for other intelligence within the store. My favorite part of the video is when it shows how the electronic shelf label substrate can act like a correlation point for other computer vision-based systems (think Amazon Go) to monitor inventory and pricing accuracy.

Whether a retailer decides ultimately to put such cameras in its ceilings, on its shelves, atop robots, or even on drones flying through stores, smart shelf-labels, can, regardless of a retailer's ultimate system design choices, serve up real-time correlative statistics and measurements that improve the accuracy of the said system's design.

As someone who has spent years trying to figure out how to affix barcodes and RFID tags to products of all shapes and sizes to make them ready for all kinds of different retail experiences, this last point is powerful because it shows that the eventual answer is about the system, not about one singular technology choice, i.e. item scanning or RFID.

Yet, too often, and especially when retail operating infrastructures are already well-established, our minds don't work this way. It is human nature to shy away from upsetting the apple cart and to solve the problem in front of us, as opposed to seeing around all the corners that could emerge still many years down the road.

As a result, the log jam of fresh from the ground up thinking pushing against the real world dynamics of being tied to incremental improvements on existing infrastructure is quite real and hamstringing.

So, what to do?

First, success will come from adopting an omnichannel mindset, a belief that the future of retail is predicated upon the coordination of three interconnected systems:
• Cloud Commerce
• Coordinated Data Capture Applications
• Location and Context Analytics (for more explanation, see here).

These systems are the three legs of omnichannel retailing stool, so to speak. They are about capturing data in real-time, processing it, and then analyzing it in a way that makes a retailer connected to every one of its shoppers on a one-to-one level. This system is what inspired my riff on electronic shelf labels above, and it is also exactly what Amazon is trying to accomplish with its new Amazon Fresh grocery stores.

Second, like most things, success will come from learning by doing. The dichotomy of fresh from the ground up thinking (aka Amazon) and the transformation of existing operations (aka everyone else) is real. The only way to break through Amazon's biggest advantage – i.e. that no one has a preconceived notion of what its stores should look like -- is to make like Amazon, to study them, and also to understand what smart (pun intended) pathways for long-term success look like.

The contemporary examples are out there. What matters most is studying and learning from them. All of which is why I plan to do just that in the coming year.

In 2021 and in partnership with Silicon Labs, I am going to eat what I cook and continue to go on this journey. Together with Silicon Labs, we plan to examine the various options retailers can choose in a step-by-step approach to live and to do smart retail experimentation, based upon proven use cases and success stories in smart retail adoption and technology implementation, with the overall aim of taking a pulse of what's working, what is not working, and where things could be going next.

Some of this education may take the form of live webinars, podcasts, or possibly even as written summaries of my own lessons learned along the way, much like I have documented here. And, no matter what, they will be honest, from the heart, and rooted in the one thing that matters most – education.

Because, like I said in the beginning, when it comes to smart retail, there is no one right answer.

But, there is a smart approach.

And, hopefully, that is something on which we can all agree and expand upon for the future.

Chris Walton is one of the leading omnichannel experts in the world with nearly 20 years of success within the retail and retail technology. He is a regular contributor to *Forbes*, and CEO of Omni Talk, one of the fastest-growing blogs in retail.

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