

Media Coverage

Competing for the digital dollar

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In today's competitive and highly digital retail world today, Singapore firms need to go beyond being simply having an online presence but instead ensure that their online platforms are a seamless extension of their physical presence. Key to this is for them to leverage technology and data analytics to first understand their customers and business operations.

Ask any Singapore corporate with retail operations and they will likely tell you that the retail scene here is highly challenging. They grapple with high store-front rental, constant staff churn, slower consumer spending, and intense physical and online competition.

In response to these conditions, many have established an online presence, yet they are still not seeing that translate into improved returns.

The reality is that the digital trend isn't just about establishing brand presence and pushing products online — a trap which a lot of Singapore corporates with retail operations fall into today.

As customers become more mobile and digitally discerning, the hurdles for winning their digital dollar intensifies and Singapore companies that want to dominate the competitive e-commerce retail space today must think bigger and embrace a fresh wave of digital change.

To stay ahead of the curve, it is critical that their e-commerce strategy is a seamless extension of their physical presence – one which enhances their physical stores' value and maximises business returns.

Creating engaging experiences across both online and offline channels is essential.

For example, a company in the furniture business might not just want to sell its couches, cupboards and dining sets online, but also have interior designing concept look-books featuring its latest range of furniture on its website to spur layout inspiration in the minds of the customers. Customers can then go down to the physical store to assess for themselves the quality or colour of the actual piece of furniture.

Granted, this could be what some companies are already doing but they should look to take it a step further – perhaps by also allowing customers to “drag” and “drop” images of specific pieces of furniture it sells onto an online template to come up with the outline plan for their home spaces and then going down to the store to discuss it further.

Taking this approach would thus synergise both the firm's online and offline business, ultimately enhancing its value proposition to customers.

Similarly, in the attempt to merge the digital business with their brick-and-mortar shops, some clothing retailers are introducing augmented reality “magic mirrors” into their stores' fitting rooms.

In this scenario, customers are able to browse the retailer's latest clothing pieces online through these “magic mirrors”, virtually try on the clothing with augmented reality, and narrow down the list of their favourites before clicking on the mirror to have the physical pieces sent directly to fitting rooms to ensure

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a better fit. If they like what they see, they could then immediately pay for the piece of clothing online and pick up their purchases at the store's counter.

The companies that are leading the market in optimising their online business are those that are synthesising the digital with customer data to better cater to their preferences.

Data analytics can indeed generate a lot of value, if done intelligently. It will enable the company to create highly relevant and personalised experiences for their customers, ultimately increasing the chances of completing a sale and enhancing customer loyalty.

Smaller firms will typically benefit from using digital dashboards – especially those that provide a high-level customer picture – to get a snapshot of their entire online business presence, while larger companies could delve into Big Data analytics to generate insight on customer demand, behaviour and buying trends and even streamline information flow to customers.

For example, in the lead-up to the launch of a new product which they have advertised for, a retailer might analyse the data collected from their website – such as through tracking the number of searches made online that specific product and the geographical location of customers searching for information about the product – to detect which areas in the country has the most consumer interest.

The retailer will then be able to better predict demand and optimise inventory when the new product is released, thereby succeeding in satisfying the demands of more customers and maximising business returns.

Data analytics will also allow the companies to have deeper insight into operational matters like customer payment preferences and patterns, which would provide deeper insight into their cash management and working capital.

Bottom line, technology is driving behavioural change in consumers and companies need to get ahead of the evolution. What is critical is for the companies to re-think their business strategies and seamlessly merge their online business with their brick-and-mortar shops to maximise returns.

The retailers best equipped to succeed in this changing landscape will be those who integrate technology and data analytics into their commercial DNA to better understand their customers.