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Role of technology in retail real estate

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May 30, 2017 332



Technology is a major catalyst for all industries and segments, including real estate, and retail realty is no exception. Technology is a major gamechanger for retail as is evident from the growth of e-commerce.



Recently, big fashion brands like BCBG and Abercrombie & Fitch have shut down their outlets as they are not able to compete with the rise of e-commerce fashion portals and the discounts offered by these platforms. In the initial phase of this war, physical retail had declared that the brick and mortar system is here to stay and online shopping is just a phase. However, whoever failed to foresee the future is genuinely regretting today.

In the west, retailers have accepted the reality and are combating the situation with technology. They have introduced apps which provide consumers with offers going on in malls, in addition to loyalty rewards in various forms.

The brick and mortar operator has quickly learnt that getting to know your customers' behavioural pattern is the key to creating and engaging them within the whole shopping mall experience. The advantage online players have is the availability of data, and they know how to use it effectively. On the other hand, the offline players have an opportunity to create valuable experiences and the vision to adapt capturing data early enough, to fight the war between these two compelling platforms. The worldwide trend seems to be a well-developed combination of both offered to the end consumers, because as always, *'The customer is king'*.

Over and above these barriers, there are also issues on collating information from direct sources, as either they are fragmented or confidential. Retailers, who are the biggest source of data tapping, are fairly open with their data, as long as it is restricted to sales. Operational data is captured through various platforms and is accurate, but quite fragmented and labour intensive. The real challenge is from the consumers, as only 30-40 percent of the data can be tapped effectively while the rest are guesstimates. Within India, with different regions come different behavioural patterns which make it more complicated to predict.

In today's, lightning speed expectations, data is the backbone to any consumer driven product being created in the market and shopping malls are a classic example. Different forms of data are available, through various modes such as:

- Footfalls
- 2 and 4 wheelers counts or turnarounds in a day
- Retail category sales
- Utility units consumption
- Operational monitoring
- Other income generators
- Exit surveys (RSI & CSI)
- Cross platform marketing (OHH and online)

Tools, such as PASCAL, PPZ's in-house developed platform, can offer benefits such as the following, in one app:

- Retailer database
- Shopping Mall database
- ADSR
- Exit Surveys
- Tenant Fit-outs
- Financial Budgeting*
- Car Park Management*
- Operational Monitoring*
- HRIS*
- Loyalty Programs*

Data analytics and understanding the use of data in the retail real estate segment in India is still at a nascent stage and all stakeholders of this industry are still grappling to create better experiential spaces for their end users. As mentioned above, this industry has learnt the use of data and what can be achieved if extrapolated correctly, as new avenues are being discovered to further monetise this. Data without its analytics is a toothless king, and it is important for the brick and mortar section to work with their strengths and deliver to their stakeholders the best valued return using data analytics.


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