

The Future Retail Success Depends On Culture, Not Technology



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I write about great brands and their strategies. [FULL BIO](#) ✓

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Between virtual assistants like Amazon's Echo, tests of delivery service by drone, and the option to pay by Bitcoin, it's clear technology is disrupting the retail industry. Traditional retailers that struggle to adopt new technologies like AI and deep learning seem doomed for failure. But to be prepared for the future, the retail industry needs to undergo a cultural transformation more than it needs to adopt any given technology -- at least, that was the impression [Arun Nair](#), co-founder and chief technology officer of [RetailNext](#), gave me.

After reading a piece Nair wrote for [RetailNext's 7th Annual Executive Forum](#) entitled *Deep Learning, Artificial Intelligence and Your Not-So-Distant Store of the Future*, I had the opportunity to interview him personally. Although his article states, "Savvy, winning retailers will recognize the technology solutions are much more of a today thing than a tomorrow thing," we spent most of our conversation talking about the way people in the retail industry need to change.



Future retail success depends first on culture change and then on technology adoption. (Photo by David Becker/Getty Images)

For starters, retailers have to embrace a new staffing model. Currently a lot of retail labor is comprised of non-revenue generating activities: managers spend loads of time figuring out what products should be stocked in the store and where and how they should be stocked, scheduling staffing, and filling out reports; employees stock shelves, track down products, and search for product and customer data. The automation of non-selling activities through robotics and predictive modeling will reduce the number of employees retailers need and change the skills they must have. Retailers will no longer need big teams to work on staffing, store layouts, inventory, store development, etc. Nair likened the change to the loss of jobs in the manufacturing sector, saying, "It's an unpleasant and fundamental change to the infrastructure and culture, but retailers need to embrace it before it engulfs them."

Also retailers are going to have to get comfortable using data to develop insights instead of relying on industry norms and intuition. Nair described new shopper detection technology that produces more accurate profiles of in-store customers, activity detection systems that reveal how shoppers and employees behave in-store, and product detection capabilities that allow instantaneous tracking of which products customers try, select, and reject. Retailers should use insights gleaned from this data to optimize marketing campaigns and loyalty programs and improve and differentiate the shopper experience -- but most don't. "Some newer retailers like [Bonobos](#) and [b8ta](#) are pretty tech forward because it's in their DNA to use tech,

but established ones are not set up to take advantage of the data that's available," Nair observed. Retailers must adopt new mindsets and skill sets before they can realize the benefits that new technology makes possible.

Finally, Nair said that vendors of retail tech also need to change. "Retailers don't understand all the terms like 'machine learning' that vendors are throwing them and there are a lot of misperceptions," he told me. Vendors must take the time to educate retailers and help them determine when is the right time to implement a new system. And instead of getting into the technology weeds with their clients and promoting the science behind the tech, vendors should help them understand what the technology enables them to do. To a retailer, "It doesn't really matter *how* [the solution] is accomplishing it as long as it is accomplishing it." This requires vendors to interact with their clients differently.

"Huge culture changes need to happen," Nair concluded. At first it seemed strange to me that a technology expert would emphasize culture so much. But it really does make sense. Retail still is fundamentally a human business -- and future retail success still depends on the people who will use technology to serve other people.

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