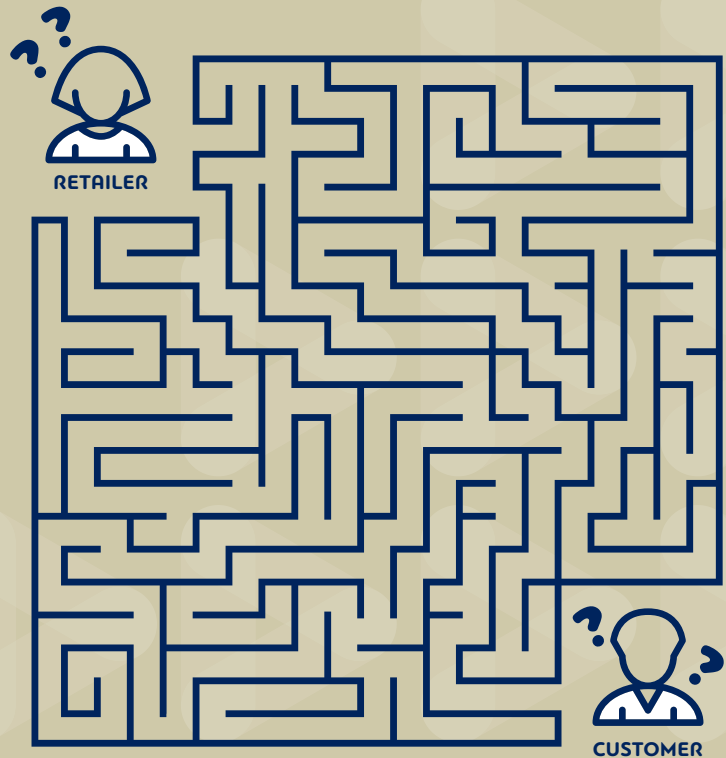


Retail tech challenges and solutions

THE TRANSFORMATION OF THE RETAIL INDUSTRY

Retail is facing significant challenges, as now is the time for a move to a brand-new experience for retailers and those involved in the supply chain, as well as consumers. No journey comes without hurdles, however. The way each business overcomes the obstacles defines its future. Here are the most important matters challenging retailers today, and how to face them:



POST-COVID SHOPPING EXPERIENCE: ONLINE-MERGE-OFFLINE



The dawn of the new era, following the COVID-19 pandemic, has created a totally different shopping experience that is both expected by consumers and at the same time required for the evolution of retailers.

- ▶ **Customers demand a frictionless experience**, from adding to cart to returning a product – the whole customer journey needs to be redesigned.
- ▶ **The “last mile” part of delivery**, a pain point that emerged during the lockdown period, **can be addressed by partnering with companies** (mostly startups) focusing on this specific aspect.
- ▶ **Costs of brick & mortar stores can be cut by optimizing their operations:** Customers must have the opportunity to pay at the store and have the goods in their home, in an hour or two. The local store could act as a starting point, but connected to the company’s central logistic system it could also become an e-shopping alternative. The customer can try a product in a smart mirror and place an order, even if there is no stock in the store, receiving it at home later.
- ▶ **Omnichannel should be implemented** in all parts of the journey.

THE GDPR BARRIER

General Data Protection Regulation (GDPR) was meant to protect the consumer’s privacy, but its implementation limits the choices that retailers have in their efforts to gather and analyze customer data, thus also limiting the possibilities to provide add-on services or personalized offers to the consumers, especially to those who return to the stores.



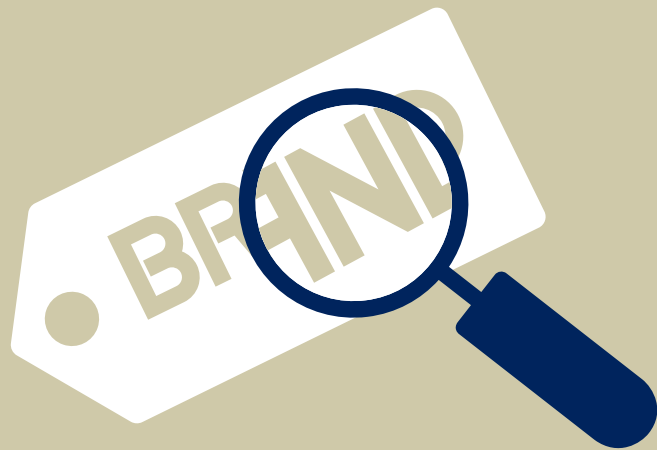
- ▶ **By offering incentives such as discounts or loyalty points**, consumers are more willing to provide their data, while the retailers follow all regulations.
- ▶ As legislation is stricter in Europe, compared to the US and China, retailers must **push for policy changes that do not limit their service offerings**.

THE NEXT BIG SHAKE: GENERATION SWAP

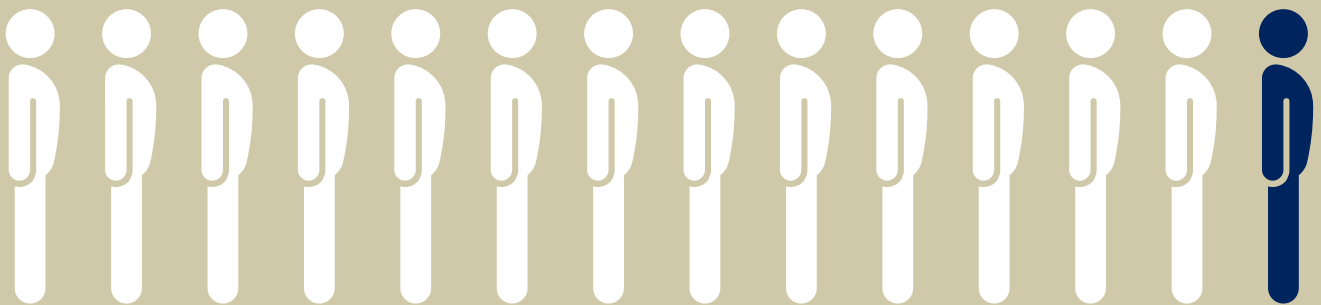
Gen Zers come to the fore, looking for different experiences, compared to the previous generations. They say no to middlemen and pay attention to the values of each company.

▶ **The closer the retailer comes to the Gen Zers, the easier the purchase.**

▶ **Retailers must offer more options tailored to Gen Z needs, even in payments (BNPL is a rising preference among them).**



TRANSFORMATION IS NOT INNOVATION



Most retailers are forced to make investments not to create innovation but for transformation reasons, as they must follow the trends and face the increasing competition.

- ▶ It's a matter of culture: **both retailers and customers must be re-educated.**
- ▶ A lot of companies are **participating in European-funded R&D programs.** A new generation of retailers will be a welcome outcome.
- ▶ Business owners have to **think long-term and set clearer goals.** Innovation should not be driven just by competition or cost-optimization.

PRODUCT RETURNS: A TRILLION-DOLLAR PROBLEM

During recent years, the rate of returns has been constantly increasing, due to the raise of e-shopping. Charging for returns is now a common practice among big retailers. What else could be done?

- ▶ **Accurate site descriptions and photos** minimize the risk of not meeting the customer's expectations.
- ▶ **Augmented reality applications** can help a consumer imagine an object in their space or try on virtually.
- ▶ **Automated solutions could streamline processes.** A "Return bar" could be a dedicated space for faster returns.
- ▶ **Focus and invest on first sales** and customer satisfaction & loyalty.



JUSTIFYING THE RETURN OF INVESTMENTS (ROI)



Most retailers don't decide to make an investment, unless they are confident that it will pay off.

- ▶ All solutions proposed should be **cost-saving and ROI-focused**.
- ▶ **Partnerships between solution providers** can result in service packages offered at lower costs to small retailers.

THE ONE-MAN SHOW BUSINESSES: CAN THEY INNOVATE?

Many retailers are on their own - without employees or other assistance in supporting their stores. Is there a way they can follow developments, transform and innovate?

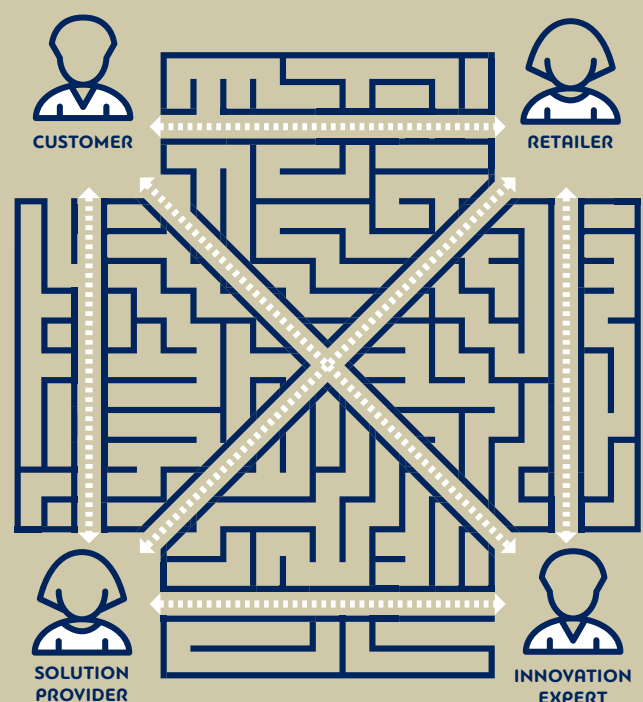
- ▶ Big players innovate and small players **adopt** the innovation. Adoption of cutting-edge technologies is not the solution for small retailers, but they can always **try small scale innovation, at a low cost.**
- ▶ By **trying innovative technologies**, even if they don't buy them, retailers become early adopters, keener to try an innovation again in the future, and help establish market trends.



WHAT ARE THE NEXT STEPS FOR THE RETAIL COMMUNITY?

The Retail Innovation Hub suggests:

- ▶ Solution providers, vendors and experts are encouraged to **develop industry-focused partnerships** that will best address the retailers' needs.
- ▶ All parties of the retail sector are invited to **participate in an open dialogue**, to **help draw more insights** from the retail industry and to **highlight innovative practices.**
- ▶ **Culture change is a top priority** for both retailers and customers.
- ▶ **Retailers seek cost-saving and ROI-focused solutions** – all innovation proposals must meet this need.





Cardlink, part of Worldline, is active in the field of electronic payments and especially in the acceptance and management of card transactions, both in **physical** and **e-commerce**. The company operates the **largest network of POS terminals in Greece**, serving with safety and speed businesses and consumers in carrying out their daily transactions.



The **Retail Innovation Hub by Cardlink** is a regional platform with the ambition to facilitate the evolution of retail in the digital era. It is created by **Cardlink**, the biggest provider of electronic payments solutions in Greece, and the innovation experts of **Found.ation**. It is a place where retail experts and technology leaders shape the future of the industry, exchange knowledge and insights, learn how to adjust to the digital transformation landscape and keep up with the latest developments.

1st Tech Communities Workgroup

Powered by Found.ation, the Retail Innovation Hub hosts a series of initiatives with the goal of providing state of the art knowledge to the wider retail tech ecosystem. The Tech Communities Workgroup, the second initiative of this partnership, was an interactive online event organized on April 13th 2022. Through a round table discussion, selected tech retail experts from the Greek innovation ecosystem had the opportunity to share their experience and opinions. The Retail Insights Memo was created by Found.ation based on research and analysis of the conclusions of this workgroup.

Co-Hosts

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Partner, Found.ation |
Partner and General
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Giannis Kordonis
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Moderator

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Read more about the transformation of the industry by downloading the 'Retail is changing' Insights Report:
<https://cardlink.gr/innovation/insights-report/>