Tesco: Technology

Essential Retail has picked out a few areas where the grocer is looking to drive innovation and use the skills of its tech team to better serve customers and improve its operations – and, in some cases, reduce the need for administrative roles within the organisation.

**1. RFID Radio Frequency Identification**

Despite the stop-start nature of the roll-out of RFID in retail since the turn of the millennium, there is once again a real buzz around the technology. Tesco is at the forefront of this and is one of very few industry players currently embroiled in a wide scale RFID project.

The grocer's clothing arm, F&F, has added RFID-enabled tags to all of its product range, viewing the technology as a way of automating administrative tasks such as stock counting and allowing staff to be deployed in more customer-facing roles.

Matt Newby, head of technology, store stock at Tesco and the driving force behind the RFID roll-out at F&F, says the deployment has given the business its most accurate real-time view of inventory accuracy yet. Tagged products are scanned every time they enter the store, before tags are removed at the point of sale.

The initiative is being driven by the retailer's company-wide target to be as customer focused as it can be. By having a reliable system that offers a single view of its stock levels at all time, the retailer believes it is now armed with more knowledge that its shoppers require.

"The key thing is what it means for our customers," Newby said earlier this year. "How we improve the experience is absolutely key."

Newby said the next step for the RFID project is to harness all of the data the technology is generating and feed it into the business and the overall supply chain in order to be predictive and react quickly to customer demands.

**2. Connected devices**

Earlier this week, before Wednesday's results announcement, Tesco Labs – the grocer's division dedicated to innovation and customer-facing tech – announced that it has created a solution for shoppers that meets the drive towards owning and using multiple connected devices.

Tesco has launched a channel on the digital platform, IFTTT, a service which allows consumers to connect their favourite apps, for example if they change their Facebook profile image then it can change their Twitter pic automatically.

The grocer's venture on IFTTT – which stands for If This Then Than – allows consumers to automate their shopping, so if the price of  product changes or goes below a certain price, it can be added to their online shopping basket.

It is early days in the development of what is effectively an Internet of Things-style technology experiment, but it is clear the trial is a step towards predictive online shopping and an exploration of the potential in consumers setting up automated eCommerce.

**3. BYOD for staff**

Tesco Labs' head of technology research, Paul Wilkinson, was one of eight retailers at a recent Essential Retail roundtable that looked at how technology is changing the role of store staff – and he talked in detail about the supermarket's Inform app, which is currently being introduced to shops across the UK.

Store managers download the app onto their personal iOS or Android devices – it will also be available on the Windows phone soon – and it can then be used to scan barcodes on a product or shelf-edge label to gain information about stock levels and availability. Bring your own device (BYOD) strategies can also help improve adoption levels when it comes to introducing new technology in a store environment.

Wilkinson said the tech can be used for troubleshooting or getting an item back on sale as quickly as possible, as well as being an effective tool for informing customers about stock availability – perhaps more so than the tried and trusted "I'll go and look out the back" method employed for years by shelf stackers at the major grocers.

"Information that used to be hidden away on computers at the back of the store can now be accessed by all colleagues at the shelf edge,” Wilkinson explained at the roundtable event, in March.

**4. Maximising mobile's potential**

Last October, Lewis announced a raft of changes to the way Tesco does business with its suppliers, including simplifying payment terms. And as part of the grocer's drive to strengthen its relationship with suppliers, there could be further developments in the mobile and digital space.

Tesco's online boss, Adrian Letts, wants the grocer's suppliers to play their part in improving the online merchandising proposition, by considering video content, multiple images and, in some cases, 360-degree and relative size imagery.

"No longer is it OK to have basic images – customers are expecting so much more," he told delegates at an IGD conference last autumn.

"All I would ask you is can all you help us with the images, pictures and metadata to make sure your product gets the care and attention it deserves?"

The supermarket has also opened up discussions with suppliers about the potential of providing advertising capability on the Tesco mobile site. No official announcement has been made but it is clear Letts is looking to maximise the potential of mobile commerce.

**5. Mobile payments**

Apple Pay is here in the UK, Android Pay is close to launching and Samsung Pay will be on these shores before the end of 2016, but Tesco has taken a punt on consumers downloading its own mobile payments platform, PayQwiq.

Some 524 Tesco stores – confined to London and Edinburgh, at present – are accepting this method of payment, meaning shoppers can download the app, link it to their Clubcard loyalty scheme and pay via NFC technology embedded in the stores' point of sale systems.

Tesco says the app allows people to pay for their goods and collect loyalty points faster than was previously possible, while the app provides a dashboard for users to add multiple credit and debit cards, view their payment history and manage their phones.

It remains to be seen whether individual retailers can convince shoppers to download a specific payment app when the latest smartphone devices have this kind of system pre-built in, but the Tesco is certainly stealing a march on its competitors by trialling this type of in-house technology first.

Starbucks' is often viewed as a leader in this area, with the company seeing around one-fifth of all sales made via smartphone device at one stage last year – with a significant percentage through the coffee chain's own Mobile Order and Pay app. Sainsbury's trialled Mobile Scan & Go in 2015, but Tesco is the first UK grocer to follow Starbucks with its own app just for payment and loyalty points.