

a research report by

**Retail**  
Council of  
**Canada**

# retail technology in canada

in partnership with



**Microsoft**



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### About Retail Council of Canada

Retail Council of Canada (RCC) has been the Voice of Retail in Canada since 1963. We speak for an industry that touches the daily lives of Canadians in every corner of the country — by providing jobs, career opportunities, and by investing in the communities we serve. RCC is a not-for-profit, industry-funded association representing more than 40,000 storefronts of all retail formats across Canada, including department, specialty, discount, and independent stores, and online merchants. RCC is a strong advocate for retailing in Canada and works with all levels of government and other stakeholders to support employment growth and career opportunities in retail, to promote and sustain retail investments in communities from coast-to-coast, and to enhance consumer choice and industry competitiveness. RCC also provides its members with a full range of services and programs including education and training, benchmarking and best practices, networking, advocacy, and industry information.

For further information visit RCC's website at [www.retailcouncil.org](http://www.retailcouncil.org)

The retail industry continues to move and evolve at an extraordinary rate, resulting in frequent and rapid change to all aspects of the retail business. In response, Canadian merchants strive to be on the leading edge of technological innovation in an effort to continue providing exceptional experiences for the customers they serve.

To help, Retail Council of Canada conducted the 2010 Retail Technology in Canada Survey, which provides a general overview of the retail technology landscape. In addition to providing the association with significant insights into our industry's technology usage and needs, the survey has also provided a perspective into the future direction of technology in retail.

Retailing continues to become an increasingly technology intensive industry, with new advancements and innovation facilitating the speed at which change within the industry occurs. Because of this, customers expect more, demand more, and will reward the retailers who meet and exceed their expectations.

To ensure that the retail industry remains a leader in technological development, RCC will establish a Retail Technology Committee whose purpose will be to assist the association in developing and producing specific Canadian-based research and to provide retail technology executives with an opportunity to network and share best practices.

**If you are interested and would like additional information about the Committee, please do not hesitate to contact, Bill Yetman at [byetman@retailcouncil.org](mailto:byetman@retailcouncil.org)**

Retail Council of Canada would like to thank our partners IBM, Microsoft and SAP for their assistance and generous support of the project.

## ➤ Contributing Partners



### **About IBM**

At IBM, we collaborate with our clients, bringing together business insight, advanced research and technology to give them a distinct advantage in today's rapidly changing environment. Through our integrated approach to business design and execution, we help turn strategies into action. And with expertise in 17 industries and global capabilities that span 170 countries, we can help clients anticipate change and profit from new opportunities.

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Established in 1985, Microsoft Canada Inc. is the Canadian subsidiary of Microsoft Corporation (Nasdaq "MSFT") the worldwide leader in software, services and solutions that help people and businesses realize their full potential. Microsoft Canada provides nationwide sales, marketing, consulting and local support services in both French and English. Headquartered in Mississauga, Microsoft Canada has nine regional offices across the country dedicated to empowering people through great software - any time, any place and on any device.

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### **About SAP Canada Inc.**

SAP Canada Inc., based in Toronto, is a subsidiary of SAP AG (NYSE:SAP), the world's leading provider of business software\*. SAP delivers solutions to help Canadian enterprises of all sizes to create efficiencies across supply chains and business operations, optimize performance and profitability, reduce costs, and increase competitive advantage. In addition, SAP Labs Canada, a division of SAP Canada Inc., develops cutting-edge software for a wide array of SAP applications from its Montreal, Toronto and Vancouver locations. SAP Canada Inc. has more than 1,200 customers and over 2,200 employees across the country.

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## ➤ Executive Summary

This study was conducted among mid-to-large sized retailers in Canada and covered areas of technology usage, strategy and innovation.

### ➤ Conclusion:

IT executives play a significant role in leading their organizations through the innovation process and prioritizing technology development for their companies.

In the retail world, CIOs seek technologies that help them make better decisions and use all resources more effectively, while enhancing the customer experience, building customer loyalty and reducing costs.

Technology renewal stems from many needs. With better tools available for POS, merchandise, supply chain, sales, etc., offering increased capabilities, retailers' own technologies become out-dated. Further, a changing competitive landscape drives the need for better data analysis. And new methods of engaging consumers force retailers to enter a new space of digital marketing or risk being absent in the eyes of the consumer.

The most desirable technologies offer data integration and can be easily added on to existing tools. These enable retailers to enrich capabilities as budget and priorities permit. Still, some retailers choose software they feel best fulfills a particular need and may even develop custom tools internally.

Reservations over cost-saving tech advancements like Cloud Computing and open source software mostly spring from lack of information and confidence in security, privacy and quality. However, these areas will inevitably gain traction over the next several years as adoption across all industries increases and the tools are validated.

### ➤ Highlights of data findings:

- Retailers develop business strategy to achieve growth, and increase sales and profitability. Many companies will work on leveraging customer loyalty to meet their goals.
- About two-thirds of mid-to-large sized retailers have an e-commerce site generating less than 5% of total sales.
- Approximately two-thirds of respondents leverage social networks, in particular Facebook and Twitter, to communicate marketing and promotions.
- Retailers in Canada are still considering whether mobile technology is right for their organization. Few companies currently employ it.
- Integrated suite of applications is preferred over broad-based, niche, in-house development or software as a service.
- Top priorities in software include: store systems, supply chain, multi-channel, merchandise systems and loyalty solutions.
- Over two-thirds of respondents employ an integrated platform; about the same number use Business Intelligence and fewer use open source software.
- Few retailers have warmed up to the idea of Cloud Computing. While cost savings appear to be a key driver to trial, retailers need the assurance of security, privacy and reliability, among others, to be convinced.
- Technology investments over the next two years will be customer-focused initiatives like social media, mobility and CRM, as well as Business Intelligence.
- Investments over the next five years are less defined at this time. Some may pursue system infrastructure and Cloud Computing.
- IT strategy is deeply considered within any retail organization. Innovation has been identified as necessary for growth and retailers are considering flexible software to replace clunky traditional software. Still, desire for innovation exceeds financial ability.
- Retailers prioritize software based on its ability to support business strategy and add value to the company, as well as its tie-in to ROI.
- The main external factors that impact IT: where technology is going and what is available, security issues, budget and the changes in a company's business model.
- IT executives leverage innovation to progress IT in their organizations.

## ➤ Introduction to the Study

### ➤ Purpose of this study:

- To assess retailers' technology usage and needs; and
- To gain perspective into the future direction of technology in retail.

### ➤ Who participated in the survey?

Senior technology executives from 34 mid-to-large sized Canadian retailers across categories including: apparel, automotive, books, general merchandise, grocery, health and beauty, office supplies and more. Areas these executives are primarily responsible for: creating innovative plans and generating buy-in; implementing new tech and business initiatives; and managing ongoing tech activities within their respective companies.

### ➤ Profile of companies participating in the survey:

- Nearly all have over 100 employees and a third of the group employs more than 5,000 individuals.
- All generate over \$11M in sales and a third of the group has revenue higher than \$1B.
- Average growth anticipated over the following year is between 4-7%.

### ➤ How was this study conducted?

A survey was fielded online between April and May 2010. The survey was written and the results were analyzed by independent contractor, Laurie Mah, on behalf of Retail Council of Canada. Responses are anonymous.

Analysis and conclusions should be treated as directional and not statistical, as the study participants come from a small group of retailers in the mid-to-large sized category. When percentages are indicated within this report, it is for the purpose of assessing approximate degree of sentiment and relative sentiment between options.

