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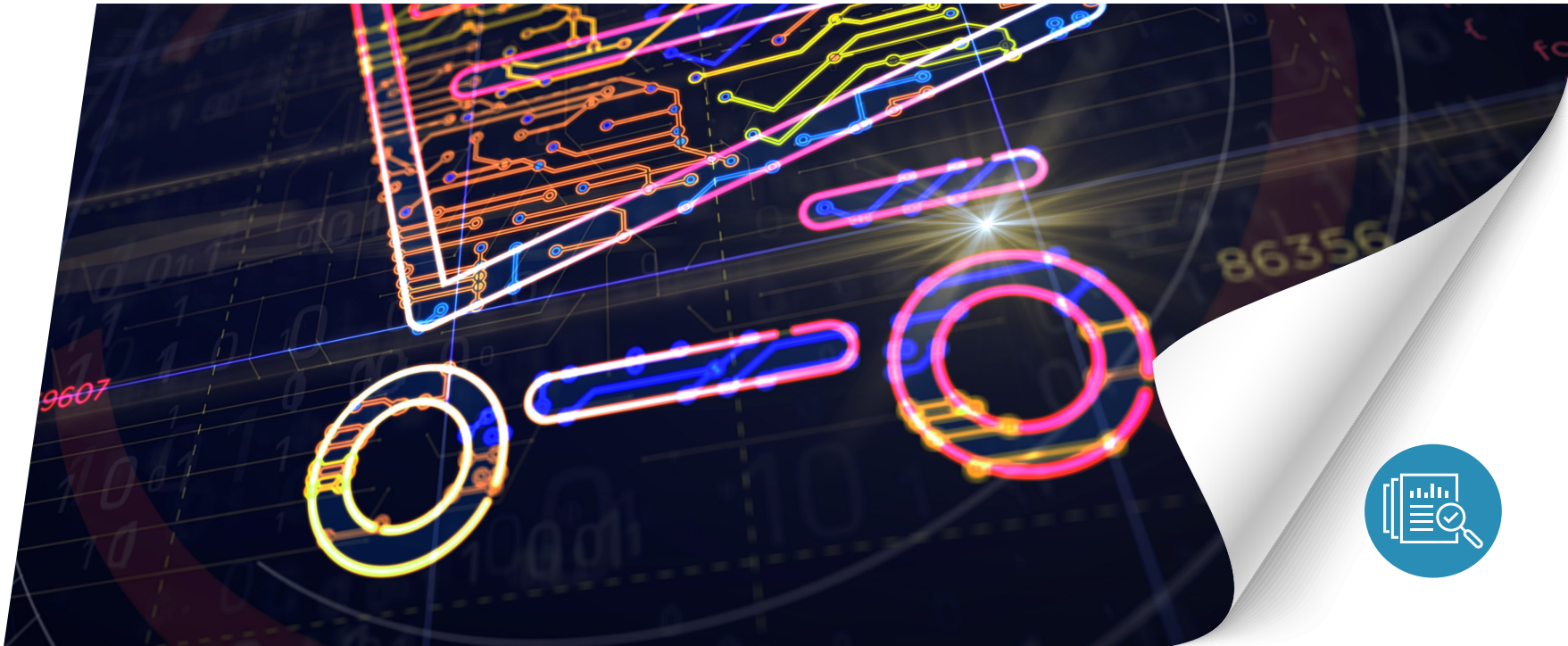
DIGITAL TRANFORMATION

THE FUTURE IN RETAIL & CUSTOMER EXPERIENCE



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EXECUTIVE SUMMARY

The world around us is changing in ways that were previously hard to imagine, let alone expect. Retailers can still find it difficult to understand and adapt to all these innovations and tools, in order to better meet the demands of the modern digital consumer. They need to provide customers with something more than just the ability to buy things from their brick-and-mortal stores, because, as the e-commerce industry has proven, consumers are able to make purchases from just about anywhere they wish through connected devices. In today's digitized economy, consumers also expect more personalized shopping experiences. This requires a holistic customer experience (CX) strategy that uses emerging technologies to curate customized services across a variety of channels.[1] Adopting omni-channel strategies is vital for businesses to attract, satisfy and retain the modern digital consumer throughout the shopping journey. The latest retail trends are driven by a combination of the evolving technological landscape and shifting consumer preferences as demographics in many sectors begin to skew towards a younger market. [2]

1. Mohapatra, B., & Vinod Krishman R. (2018). Customer Experience for Retail Industry.

2. Wertz, J. (2018). 5 Trends That Will Redefine Retail In 2019.

Using the latest technology to augment such features as in-store shopping and, pickup, the option to try before you buy, providing an online inventory supporting a mobile application, maintaining an easy and fast shopping process, displaying in-store product information, facilitating interactions between the customer and company, offering a flexible payment method, easy self-checkout and personalized experience are some of the many requirements that customers might have today and, if satisfied, can lead them to complete their purchase decision. Customers also prefer to be able to access product information about products in-store and receive recommendations for similar options, sharing their own opinions and other people's reviews across social media and keeping themselves engaged during their shopping journey. [3] Technologies that are currently proving to be retail game-changers include Virtual Reality (VR), Augmented Reality (AR), Machine learning, Artificial intelligence and the Internet of Things (IoT). [4]

The continued emergence and growing popularity of the such technological innovations, as well as the development of new advancements in mobile technology, will continue to push retail brands to add layers and new experiences to their traditional retail models in order to be sustainable. Of course, many of the retail 'experiences' that have become popular in recent months cannot operate without the integration of other technologies (like fully-integrated and connected 'smart' IoT devices) such as beacons and smart shelves (RFID technology). [5]

3. Samsung. (2016) eBook: Adapting the Retail Environment to Millennial Shoppers. A Generation Tied to Technology.

4. Sharma, S. (2018). Augmented Reality Becomes Integral Technology of Fourth Industrial Revolution

5. Wertz, J. (2018). 5 Trends That Will Redefine Retail In 2019.

KEY FINDINGS

of consumers prefer to spend more time in an augmented reality store contrary to traditional stores.

of shoppers purchased items they had not planned to purchase because of AR.

of shoppers say AR makes shopping more fun.

While AR increases the interest of and time spent in stores by customers, 45% of shoppers also said it saves them time.

of AR users admitted that they prefer using it due to added deals and special promotions.

82% of marketing leaders say improving customer experience is the leading factor in their decision to adopt AI.

90% of people use their smartphones in stores while they shop - 54% of them perform price comparisons while instore, 48% search for additional product information and 42% check reviews online.

of retailers are either planning to or have already implemented AI to improve multichannel customer engagement as a core part of their marketing mix.

The market for Augmented Reality and Virtual Reality software in the retail sector is projected to be worth USD 1.6 billion by 2025.

Worldwide spending on AR/VR solutions will be led by the commercial sectors, which will see a combined share of overall spending grow from 64.5% in 2019 to more than 80% by 2022.

of 400 retail executives surveyed by PSFK are planning to spend part of their marketing budgets on in-store experiences by 2020.

By 2020, Artificial Intelligence will dominate in the management of customer interactions in retail, holding 85%.

of enterprises believe investing in AI will lead to greater competitive advantages.

of major business executives, according to Statista, believe that AI will open up new businesses opportunities while also providing competitors with new ways to gain access to their markets.

According to the same source, 63% of the business executives polled believe the pressure to reduce costs will require the use of AI.

Beacon Technology Market size was estimated to be USD 170 million in 2016 and is expected to grow at a CAGR (Compound Annual Growth Rate) of over 80% between 2017 and 2024, taking into consideration the rising penetration of the Internet of Things (IoT).

of customers who try clothes on in a fitting room will go on to buy at least some of them.

More than 1 in 2 consumers admit they have left a clothing store without buying anything because of the long queues for the fitting rooms.

of consumers believe stores will need to update their in-store digital experience within the next three years to remain competitive.

STRUCTURE & STUDY REPORT

The report is made up of five (5) sections each focusing on different aspects of digital transformation in the retail industry and the impact it can have upon the in-store customer's experience.

The first section,* *'Market Structure', introduces the concept of Ambient Retail. The study begins with a consideration of the distinctions between e-commerce and traditional commerce, defining the relationship between these two spheres of activity in closer detail, as well as identifying the main differences between them. Subsequently, the report describes another type of commerce that has emerged, that of ambient commerce.

By focusing on the broader idea of New Retail and the importance of its implications for retailers, the report analyzes the terms of the traditional in-store customer journey compared to the digital one, while elaborating upon the retail life cycle and the further digitization of the value chain. An important part of the first section is the market snapshot. This is presented through the prism of the current shopping cycle and technological trends and highlights some facts regarding consumer behavior and businesses status. The next part of this section, 'The Need for Integration of Digital and Traditional Commerce', indicates the reasons why companies will benefit from the integration between the two systems by delivering exceptional customer service and transforming the shopping journey into a unique experience. At the end of the section, further information will be provided regarding forecasts for the adoption of new technological innovations, future business investments and shopping trends.

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