

The store of tomorrow: Top retail technology trends



Retail technology expectations

Across the retail industry, new shopping expectations are emerging from all generations and countries. In Europe, the tech-savvy workforce wants a fulfilling brand experience both in-store and online, the aging population in North America demands convenience and better face-to-face customer service, while teens in Asia have a preference for virtual and augmented reality.¹ As retailers face these demands head-on, new forces emerge and old ones disappear. Retail giants like Amazon and Walmart have thrived in this unfamiliar environment, while other well-known department stores, like Sears, have been forced to close their doors.

To survive in this connected world, profitable retailers are embracing the latest technological innovations to put their customers at the center of their business. How effectively you speak to your customers, solve their needs and get them to the cart directly affects engagement, conversion and ultimately, your bottom line. It's an exciting time for retail and the advancements in mobile, machine learning and data analysis now provide infinite possibilities of delivering seamless, personalized and connected customer experiences across the shopping journey.

¹ Acapture, Future trends in consumer behaviour: Technology in a connected world 2017-2020





To give you a better understanding of what technology is making an impact on today's market, we have gathered insights from retailers, experts and professionals and identified 5 major retail technology themes emerging this year: **personalization, self-service, digital reality, unified commerce and hybrid cloud**. Each section evaluates the technology being used and shares ideas on how to incorporate them into your future retail strategy.

"A third of companies in the B2C space will change their business structure to get closer to the customer and effectively compete on the basis of experiences."

- Forrester

Top Retail Technology Trends

1. #1 In-store personalization
2. #2 Self-service
3. #3 Digital reality
4. #4 Unified commerce
5. Retail management software
6. #5 Hybrid cloud strategy
7. How to adapt to the new retail norm

#1 In-store personalization

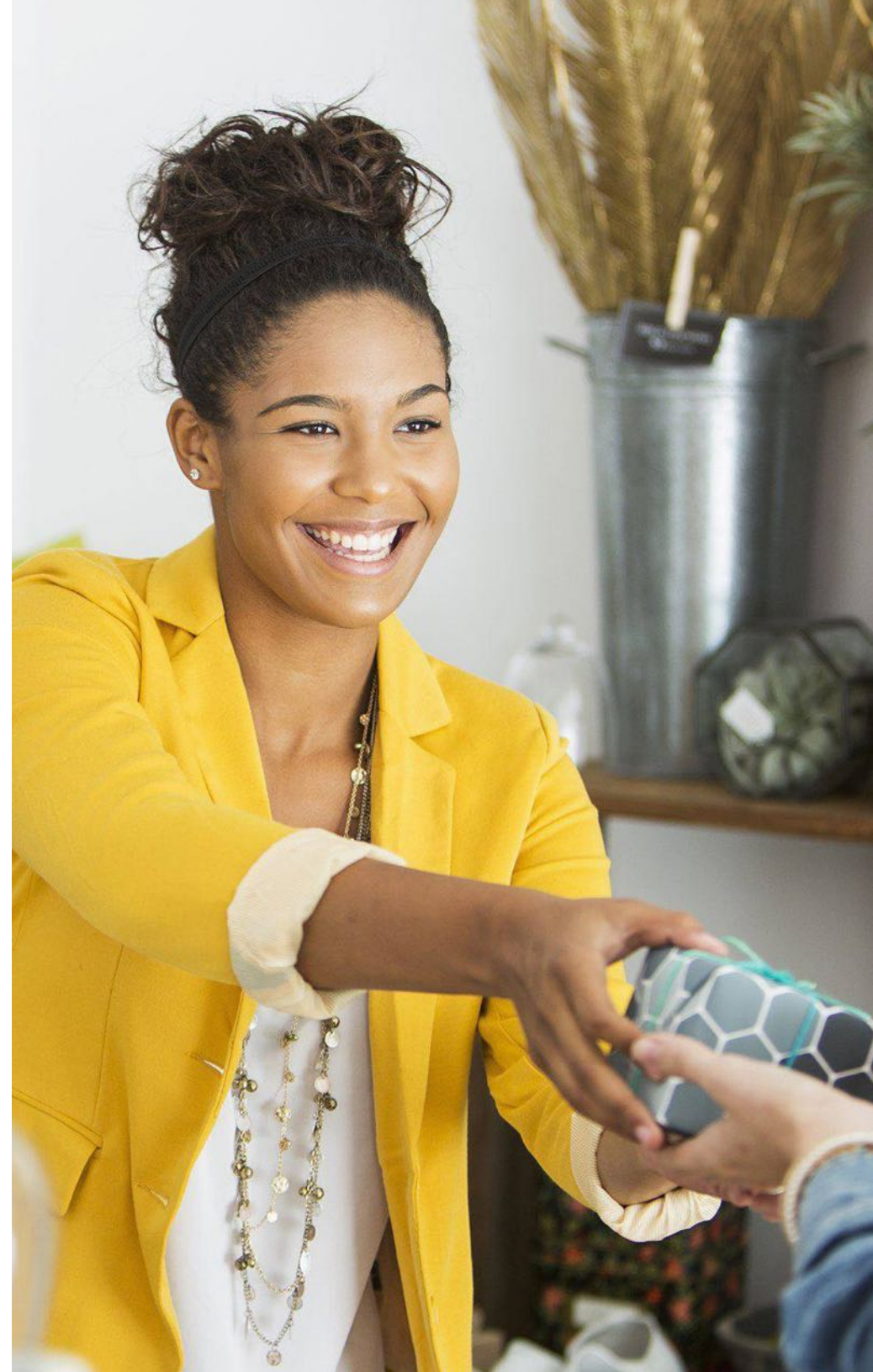
Differentiate your brand by creating a memorable and unique in-store experience

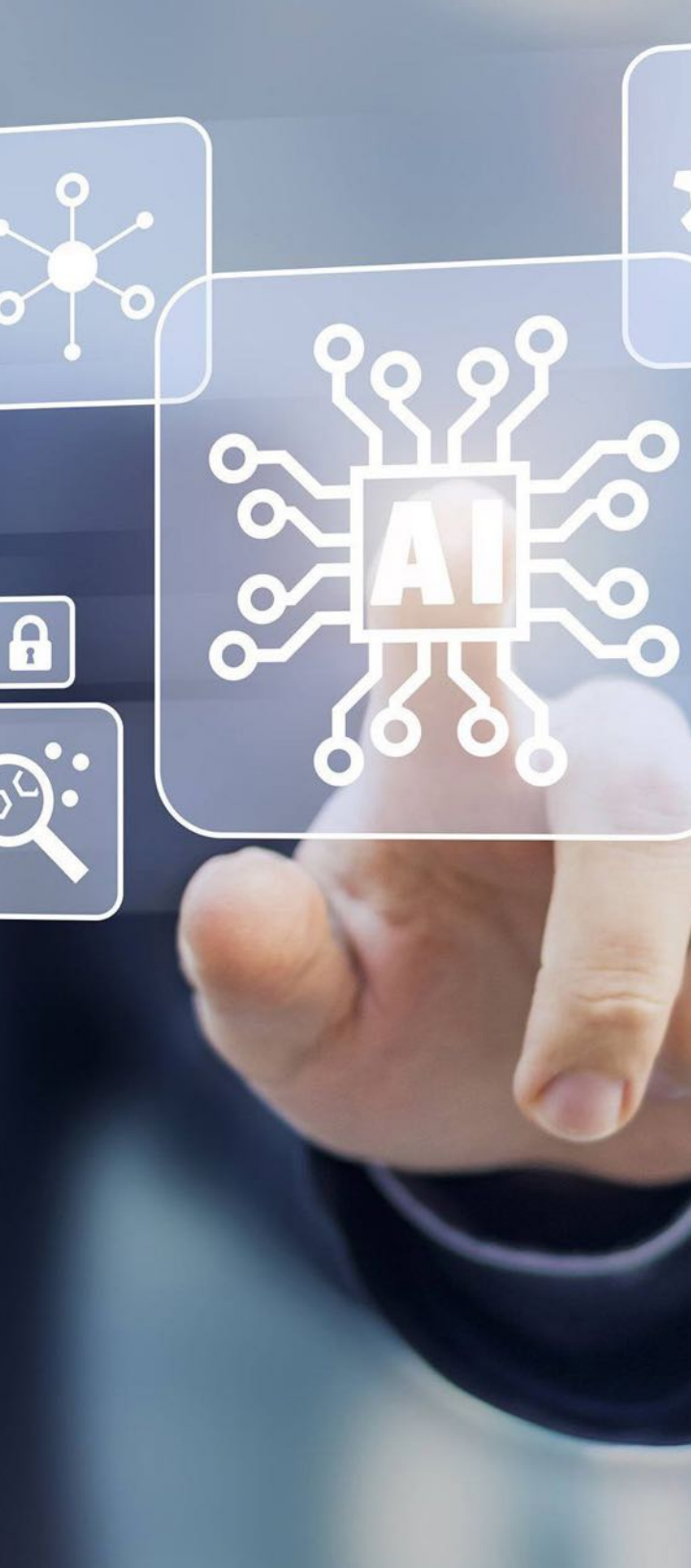
Although 90% of worldwide retail sales still happen in physical stores, the rapid growth of e-commerce is forcing brick-and-mortar stores to reconsider what consumers want and change their ways.² Unable to compete with the convenience and item variety offered online, retailers are using technology to engage and satisfy their shoppers using everything from in-store digital signage and seamless mobile payment options to personalized product recommendations. The ultimate goal is to attract customers with unique in-store experiences that they simply can't get online.

“46% of shoppers will purchase more from retailers who enhance and personalize the buying experience.”

- eMarketer

² eMarketer, Worldwide retail and e-commerce sales





Here are 4 examples of retail technology currently being used to enhance the in-store experience for customers (and drive more foot traffic and sales) by providing one-to-one personalization.

1. Artificial Intelligence (AI)

Many companies have started using AI to personalize the customer journey, as a means to **respond to, predict and anticipate shoppers' needs**. Recognizing the need to differentiate themselves, these retailers are creating highly curated experiences that combine the convenience of online with the personal feel of in-store shopping. AI technology can be used to give customers an in-store experience that is similar to e-commerce, from recommending products uniquely suited to each shopper, to giving customers the ability to find products using conversational language or images.

AI can also be used to make customers feel **known**, instead of anonymous. Take Clarins, a luxury skin care company based in the United States. Clarins' Sensor Mirror Pro, on display at select high-end department store counters, helps shoppers find products that are right for their skincare needs. The mirror takes a picture of the customer, asks them to select their desired skin improvements and specific facial areas of interest, and then uses that information to create **custom product recommendations**.

Apple Premium Reseller, [Humac](#), uses AI-powered recommendation software in its chain of stores across Denmark to deliver personalized service. Humac implemented [LS Recommend](#), a cloud-based product recommendation software solution, in all of its stores. The software **analyzes shopping behavior** and uses the insights to deliver meaningful product suggestions to the stationary and mobile Point of Sale systems.

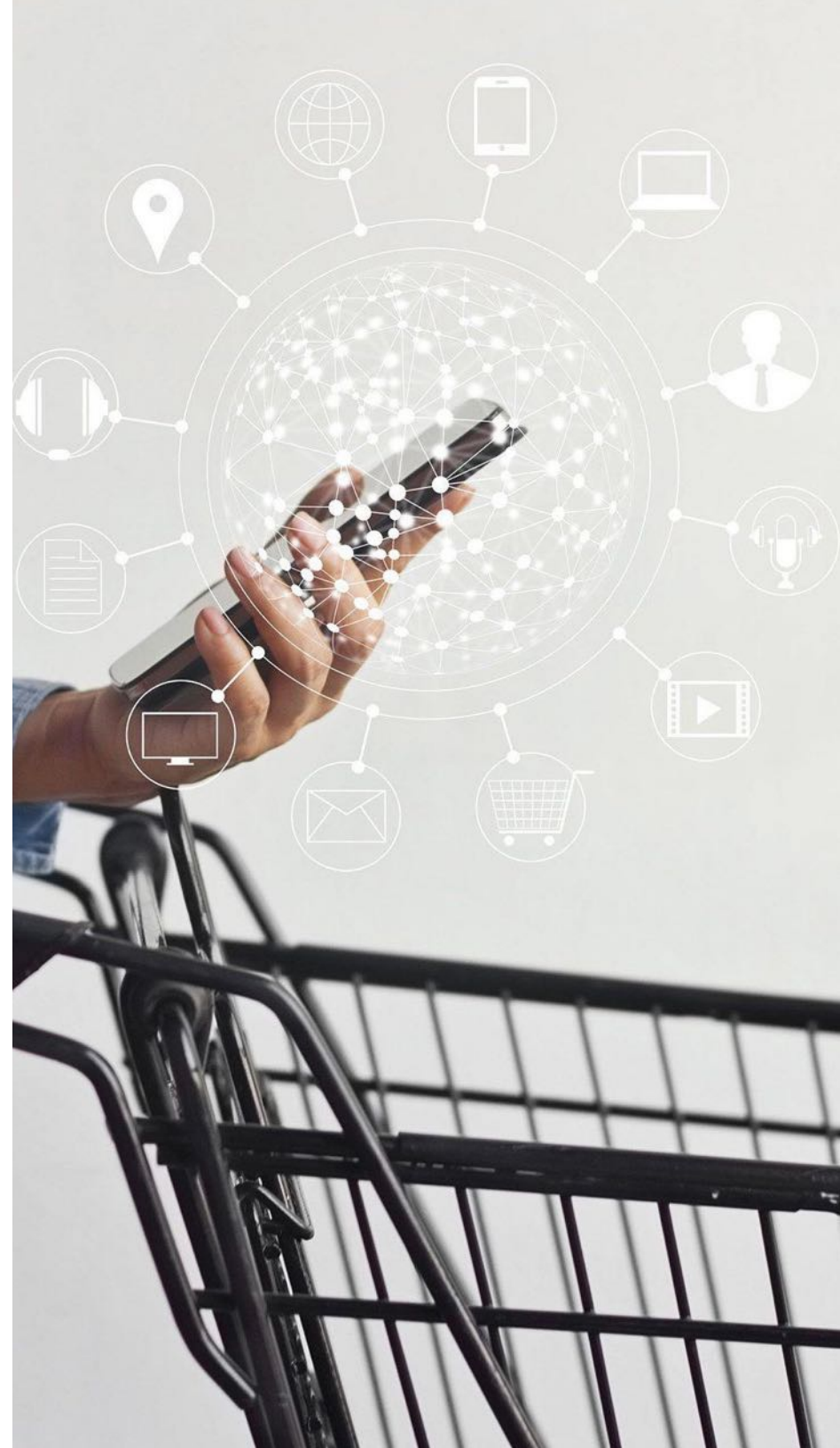


Staff members then convey the suggestions to customers. In the first 3 months of use, the company experienced a 46% total margin growth thanks to recommended item sales.

Coca-Cola is another example of a retailer using AI to deliver a more personalized experience – with the end goal of driving more sales. Coca-Cola uses data from approaching shoppers' smartphones to create specific content messaging on in-store digital signage. The targeted messages range from brand campaigns to promotional offers and app-guided shopping lists and are based on the shopper's location and mobile data.

“Retailers that have implemented personalization strategies see sales gains of 6 to 10%, a rate two to three times faster than other retailers.”

- Boston Consulting Group





2. Mobile and beacon technology

With the rise of smart devices, especially wearables, retailers have an opportunity to tap into **technology that shoppers already carry with them** to create a better in-store experience. These devices are used to manage and monitor most aspects of life, and many people have become reliant on them for information. When shopping in a physical store, a growing number of customers say they would rather consult their mobile or wearable devices than ask a salesperson about a product or where to find something.

Clever retailers are capitalizing on the trend and using the mobile device every shopper carries in their hand or pocket to offer better ways to navigate a store and pay on-demand. Big box retailer, Target, made the strategic decision to enhance their mobile app with beacon and Bluetooth technology, to make in-store shopping easier and more convenient for its shoppers. The app acts as a GPS for the shopping cart, helping customers navigate throughout the store to find their desired products. Every shopper has a unique experience depending on what they are shopping for and as they shop they get notified of the latest discounts in nearby aisles. In addition to indoor mapping and discounts, Target plans to roll out mobile payment

“77% of all shoppers use a mobile device to search for product information while shopping in physical stores, while just 35% are willing to consult an in-store salesperson.”

- RetailDive



Clever retailers are capitalizing on the trend and using the mobile device every shopper carries in their hand or pocket to offer **better ways to navigate a store** and **pay on-demand**. One big box retailer, Target, made the strategic decision to enhance their mobile app with beacon and Bluetooth technology, to make in-store shopping easier and more convenient for its shoppers. The app acts as a GPS for the shopping cart, helping customers navigate throughout the store to find their desired products. Every shopper has a unique experience depending on what they are shopping for, and as they shop they get **notified of the latest discounts** in nearby aisles. In addition to indoor mapping and discounts, Target plans to roll out mobile payment support on the app, further streamlining the shopping experience.





3. Radio frequency identification (RFID) tags

As e-commerce grows, physical stores become essential pieces of the puzzle for customers wanting to **experience products first-hand**. As a result, we've seen the launch of learning experience stores, like Samsung and Google, where visitors can play with the latest products but aren't pressured to buy. This "try before you buy" concept is a great opportunity for retailers to build brand loyalty, encourage engagement and create a lasting impact.

Digital pioneer Oak Labs has created "smart mirrors" to enhance the dressing room experience in clothing stores. Allowing shoppers to try on clothes virtually before making a purchase. The mirrors **recognize products** brought into the dressing room using RFID tags and use an on-mirror display to **show other colors and sizes** available. Shoppers can use the display to request additional options from associates, and then they can pay through the stores' dedicated app. The mirrors also use AI to recommend related items.

"70% of purchases are based on an emotional connection with a brand, and how the consumer believes they are being treated."

- IMImobile

4. Facial recognition

Exceptional customer service is fundamental to create a helpful and friendly atmosphere in-store. Recognizing the role of technology in supporting sales staff, retail giant Walmart has invested in advanced facial recognition technology that can **scan and identify frustrated or unhappy consumers**. If facial expressions that align with an unhappy consumer are detected, the system will alert employees, instructing them to aid the customer in need. The system is designed mainly for checkout counters, where most customer interactions take place.





#2 Self-service

Simplify and speed up your buyer's journey with do-it-yourself technology.

Driven by increasingly **cashless shoppers**, payment preferences have shifted over the decades, from cash to credit cards to mobile wallets – anything that makes the checkout process more convenient and **checkout lines less time-consuming**.

Over the years, we have seen many grocery chains and department stores choose to have both a checkout counter with a cashier and self-service checkouts, giving consumers the power to choose how they want to pay and what line they want to stand in. As part of a push to meld online commerce with physical shopping, the latest trend takes the self-service concept to a whole other level by giving all the power to the consumer.





Here are two examples of **self-service** technology being used to simplify (and eliminate) the checkout experience and streamline the buyer's journey.

1. Unmanned stores

Innovative retailers around the world are experimenting with the "unmanned store" concept, **eliminating the need for cashiers** and, in some cases, checkouts themselves. Albert Heijn, the leading supermarket brand in the Netherlands, is piloting a new technology that lets customers have a fast, efficient shopping experience by using a **card**. After registering on their app, customers can select an item, tap an electronic shelf card, and leave the store. Within 10 minutes, the money is automatically transferred from their bank account. The grocery chain promises that in the future, shoppers won't even need the card to shop – their smartphone will be enough.

Another pioneer, Bingobox, has seen massive success in mainland China where it operates 200 unmanned convenience stores, with plans to reach 5,000 outlets. Shoppers enter the store by scanning a QR code with their mobile phones. They then pick out the items they want to purchase and use the self-checkout with mobile payment options to complete the purchase. For retailers, **unmanned stores drive down labor costs and are highly secure**, as each item has an RFID tag, and the system can detect whether it has been paid for. To date, BingoBox has processed upwards of a million transactions, with less than 10 cases of malicious theft.

Amazon has taken this concept to North America with its cashier-less, checkout-free grocery store in Seattle, Washington. At Amazon Go, customers enter the grocery store, take what they want and leave without having to bother with a checkout. As soon as they leave the store, their Amazon account is charged. Instead of checkout stands, Amazon is using a smartphone app, hundreds of regular and infrared cameras, **computer-vision algorithms and machine learning** to figure out what a consumer picks up and charge them.





2. Biometric scanning

Other retailers have found a different solution to the lineup bottlenecks at the checkout. Supermarkets in Britain are set to trial facial recognition software to replace in-person age checks when customers are buying alcohol or other age-restricted items at a self-service checkout. The checkouts will confirm the user's age by using a smartphone app that scans the shopper's face to confirm their identity.

We tried it ourselves



At the NRF Retail BIG Show in New York, we trialed our own self-service coffee house. Using the ordering self-service POS of LS Nav, over a thousand cups of coffee were ordered by and effortlessly served to conference attendees.

#3 Digital reality

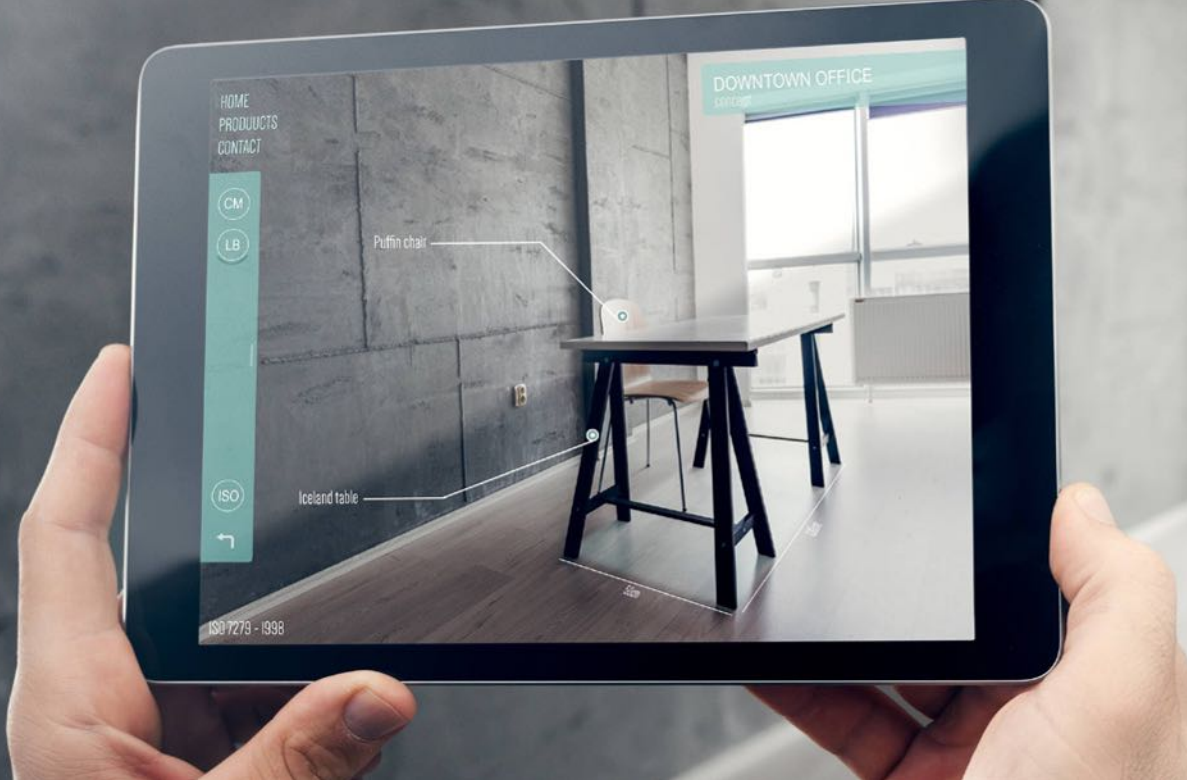
Engage your shoppers by transforming how they shop with virtual and augmented reality.

The most forward-thinking retailers are already opening up new, imaginative worlds for their customers with the aid of immersive technologies. Over the next decade, advances in “digital reality” – an amalgamation of Augmented Reality (AR), Virtual Reality (VR), and mixed reality – will lead to more natural and intuitive ways to experience products and brands. This will have huge implications in the near future. As Deloitte’s Global Powers of Retailing report predicts, we will interface with digital information not with screens and hardware but with gestures, emotions and gazes.

As VR and AR become more widespread, retailers are realizing the potential gains in customer engagement and experimentation. In a brick-and-mortar environment, shoppers can go beyond the physical inventory, sampling different product features from virtual catalogs or designing their new kitchen as it comes to life around them. Mixed reality has the power to bring an image, product label or even shop windows to life. Customers can see brands and their stock in a new way and engage with them on a completely new level.



■ Gartner predicts that by 2020, 100 million consumers will shop in augmented reality.



Here are two use cases from retailers that are already capitalizing on AR and VR technologies today.

1. AR for virtual shopping experiences

Home furnishing retailer IKEA's mobile app uses AR to help consumers visualize what a piece of furniture would look like in their home. By overlapping the 3D model on their device's display with their actual home space, consumers **get a realistic experience** of what the piece of furniture would look like in their home. The goal is to reach consumers at the shelf and make them feel **comfortable about their purchase decisions**. IKEA has also developed a pop-up concept that offers a **virtual shopping experience in-store**. Visitors can create their own virtual living room by placing IKEA products in the scene using VR technologies. The pop-ups have so far taken place in malls throughout the Middle East.³

■ IDC estimates retail showcasing are amongst the industry AR/VR use cases that will attract the largest investments (\$250 million).

³ Mena Herald

Retailers have also rolled out consumer-facing applications that let people **virtually try on clothing, makeup, and accessories**. Designer department store Neiman Marcus is using Memomi to reinvent their shoppers' experience and drive confident purchases. Memomi is a smart mirror that uses AR to show customers how clothes fit without them actually having to try them on. The mirror stores different outfits to make choosing an outfit easier and less frustrating. It also helps **reduce return rates** from consumers making purchase mistakes.



Discover how retailers are using AR to create innovative experiences

Read Now

2. VR for staff training

One of the more common uses for retail VR technology is to help visualize store layouts for remodels or redesigns. As the technology becomes more commonplace, it's becoming a greater part of the strategy in many businesses – after all, it's far cheaper to build out a virtual store than a real one. Building on this concept, retailers have discovered that VR is also a cheaper option for training staff.

With mixed reality technologies, employees can experience and work with digital content that mimicks the real world, unlocking new insights, capabilities and levels of customer service. Trainees at the 'Walmart Academy' training centers are now being put through a **VR retail training simulator to learn how to deal with real-world situations**.⁴ After a successful pilot program, all 200 of Walmart's training centers now use VR to help train its employees. The simulation even includes preparation for massive sales, like Black Friday.

⁴ RetailDive, 5 Trend Hunter





#4 Unified commerce

Get a unified view of your customer and deliver a consistent, meaningful experience across all channels.

The majority of consumers today expect each interaction they have with a retailer – no matter if it takes place through web, mobile, social, marketplaces, stores or ads – to be coordinated into a **consistent brand experience**. Many successful retail companies are recognizing that the key to creating seamless customer experiences is a unified commerce platform that provides them with a single view of customers, orders, products and behaviors across the whole buyer's journey, from purchase to fulfillment to post-sale service.

“People who shop using different methods — including online, mobile and visits to a physical store — spend more than twice as much as those who only shop at bricks and mortar stores.”

- Deloitte

Retail management software

The era of seamless commerce requires **all-in-one software systems** that combine e-commerce, order fulfillment, inventory management, POS capabilities, customer relationship management (CRM), mobility and reporting into one platform. With a single, business-wide software solution, all data is collected and stored in one central place. This single repository of information enables retailers to instantly correlate data, analyze it, and transform it into meaningful insights, which can then be used to understand customers and deliver unified commerce.

That's not all: with a single source of data, retailers get **full visibility into their inventory and operations** across channels and gain the ability to respond quickly to changing market conditions.



Discover 8 ways a unified commerce platform will benefit your retail business

[Read Now](#)



Here are three examples of retail companies around the world using unified retail management software to create better customer experiences.



Søstre Grene is a global retail chain specializing in home accessories, DIY items, kitchenware, stationery and small furniture with over 170 stores across Europe. They used to run their stores using a combination of software systems, including a Danish accounting solution, Excel files, and a POS solution. This scattered setup was hindering their ability to expand. Today, Søstre Grene has replaced its old setup with LS Nav, a unified platform that combines POS and ERP, across all its European stores. Using the same software system throughout the whole enterprise, from accounting to purchasing to sales, has enabled the retailer to improve its visibility and control while offering a consistent customer experience in every store. Søstre Grene can now easily **gather data** from stores located in different countries, link it, and use the information to make **better inventory and purchasing decisions**.



Shiseido, one of the oldest cosmetics companies in the world, also uses LS Nav in their Vietnamese chain. With digital transformation at the top of their mind, they chose to implement LS Nav for its ease of use, flexibility and visibility of end-to-end inventory. Shiseido can now use just one platform to **control all processes for their retail and distribution** sectors, including purchasing, warehouse, retail CRM, store sales, distribution, franchise and financials.



Before implementing a unified commerce solution, international duty-free and travel retail operator **Flemingo** struggled to keep up with the demands of their traveling consumers. With plans to expand beyond their 140 outlets distributed across 32 countries, Flemingo needed an enterprise solution that could guarantee speedy service and tight control over stock availability. The growing company chose LS Nav as its solution. Flemingo has experienced significant benefits since the implementation, from easy localization to higher location profitability to streamlined purchases that have **shortened the procurement cycle**.

“81% of retailers plan to have unified commerce within three years.”
- BRP Consulting



Choose the right unified commerce platform for your retail operation

There are a lot of different retail management solutions to choose from out there. The best solution for your online and in-store operations should be easy to use, flexible to deploy and built with your

Before you start looking, read our whitepaper on the 7 common mistakes to avoid when selecting retail management



GET WHITEPAPER

Exceptional customer service is fundamental to create a

#5 Hybrid cloud strategy

Optimize your IT environment for maximum performance, agility, and cost-effectiveness.

The pace of change in technology and new consumer expectations have been driving **global adoption of cloud solutions**. The cloud brings visible benefits to retail enterprises, from cost reductions, to access to big data, to greater agility. At the same time, the cloud also has drawbacks. Cloud solutions require constant connectivity, and demand companies to change their practices as regards issues such as data storage and access. For these reasons, hybrid cloud strategies combining on-premises and cloud-based applications in the same IT environment are emerging as the preferred choice for many retailers.

The hybrid cloud allows companies to be both innovative and cautious, as it enables them to keep their existing infrastructure while slowly introducing cloud services into their setup. Many companies are realizing that finding the **right mix of on-premises and cloud applications** is the key to competitive differentiation, cost management, agility – and success.



“81% of retailers plan to have unified commerce within three years.”

- BRP Consulting

As the transition progresses, the hybrid cloud allows merchants to accelerate change while maximizing resilience. On the one hand, in the cloud retailers can access latest technologies, such as AI and advanced analytics, which would be too expensive or complex to implement in-house. The cloud also gives businesses the ability to scale and open new store locations fast, from franchises to pop-up stores, without sacrificing consistency. On the other hand, maintaining in-house capabilities means greater control over data and all core business processes – as well as the ability to stay operational and quickly bounce back in case of loss of connectivity.



Find out how a hybrid cloud strategy can help you increase agility, lower business costs and become more customer-centric.

[Download eBook](#)





How to adapt to the new retail norm

Tech is everywhere, and people have come to expect constant disruptive change. Innovations that seemed fantastic just a few years ago – think drone delivery or 3D printing – have already become old news. Advancements in the cloud are empowering smaller retailers by giving them access to the latest technology, from POS and sales tools to data analytics and recommendation services, at a fraction of the cost of on-premises solutions.

As the distinctions between retail sectors and industries become blurry, competition can come from all directions. Pharmacies and dollar stores now sell anything from candy to fresh produce; traditional retailers are venturing into new territories, opening up cafés and restaurants (think Nordstrom, Armani or Urban Outfitters) and even their own name-brand hotels (for example, Shinola, Muji and Restoration Hardware). **Success in the retail industry today boils down to a retailer's ability to offer customers a personalized, consistent, fresh and seamless shopping experience, in an exciting environment where people want to spend their time.**



In the coming year, we will see more concentrated efforts on implementing technology that delights customers and helps staff make shopping more **exciting, fun and memorable**. At the same time, consumers crave engagements that are **personal, contextual and relevant**. A solid integration of in-store technology, advanced analytics and social media – linking purchase history, demographic information, location, time of day, and other data sources – will be essential to offer the type of personalized service that boosts customer engagement.

At LS Retail, we have worked with retail organizations in over 145 countries to deliver technology that solves the ever-shifting challenges that today's consumers present. We believe that technology has the power to make your day-to-day operations, and your customers' lives, easier. Our unified retail system, [LS Nav](#), is used daily by thousands of retail stores around the world to connect operational channels, provide a 360-degree view of customers, deliver superior experiences and drive real-time decision making in response to rapidly changing preferences.



Put your customer experience first with LS Nav.



SCHEDULE A DEMO

See for yourself why 67,000 stores, restaurants, service stations, airports and passenger vessels worldwide trust LS Retail to manage their operations.





LS Retail

The store of tomorrow: Top retail technology trends



LS Retail

We make business easy

LS Retail is a world-leading provider of business management software solutions for retail, hospitality and forecourt businesses of all sizes.

Our all-in-one management systems power tens of thousands of stores and restaurants worldwide, within such diverse industries as fashion, electronics, furniture, duty free, restaurants, coffee shops, forecourt, c-stores and more.

LS Retail products and solutions are sold through a global network of partners.

For further information on the company and the products, visit www.LSRetail.com.

For any question or advice, do not hesitate to [contact ArcherPoint](#).

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