

The End of Boring Retail:

Immediacy, inspiration & intimacy are the store's new blueprint

How AI technology can reduce workforce costs, help win new customers, and inspire retail staff and stores to be customer centric.

Inovretail
THE RETAIL INTELLIGENCE COMPANY

INTRODUCTION

How do retailers get the most from their stores and the people working in them?

For an industry battling strong headwinds of change and one facing challenging overheads, it's a critical question.

The retail workforce, and the look and feel of physical retail space in the UK is rapidly changing, as traditional shopping locations merge into a more diluted combination of retail, leisure and hospitality.

And these new spaces come with a digital twist. The advent of e-commerce – alongside various other developments in consumer behaviour – has had a profound effect on what is expected of a 21st-century shop or retail business.

One key influence of e-commerce on traditional retail is the consumer's expectation of the three 'I's – immediacy, inspiration and intimacy wherever they shop. In many cases, in-store technology has aimed to help retailers and their staff bridge the digital-physical gap freeing them to deliver a better customer experience, but without fully achieving that goal.

The technology retailers use now isn't working

The first wave of staff-empowering technology has had the wrong impact.

- iPads are being hidden away in drawers because they were getting in the way of the transaction
- Rather than being used, the tablet is left all day charging on the shelf
- One retailer continuously reported theft of the devices, because they simply could not account for all of them at the end of the day
- Technology put in to secure the devices was often considered either too expensive or there was no space to locate it in boutique stores.



Instead, staff find other ways to serve – sometimes using consumers' or their own mobiles to serve. So they like devices, it's just that they find tablets too difficult to hold and use as part of the service journey.

This technology which aimed to connect retailers' sales channels, and provide a seamless omnichannel customer experience, can actually have the opposite impact. So what happened?

The in-store tablet or mobile device creates a layer of separation between the staff and the customer, breaking eye contact, rather than connecting them and fostering the intimacy for which traditional shops are renowned. As watch manufacturer, Samsung says, "Busy staff members are often forced to set aside tablets or smartphones while they focus on getting rooms cleaned or keeping shelves stocked, so they don't always get the most important alerts in time to respond to customer issues."

A young woman with dark hair, wearing a dark green sweater, is smiling and looking at her smartphone in a retail store. In the background, there are clothing racks and a potted plant.

Value, convenience and experience – for customers AND staff

In a new era of retail, where high street stores closed at a rate of 14 per day throughout the first half of 2018 resulting in 2,692 stores shuttering, it's time for retailers to give staff the tools and amended roles they crave to release their potential and reverse the decline.

Separate research suggests “rationalisation” of portfolios in 2019 will contribute to the loss of 8,500 retail jobs – part of approximately 164,000 roles expected to go in total during the year – but a step change in thinking can help retailers thrive, rather than simply survive.

Staff generally want to operate to the best of their abilities, which includes delivering the value, convenience and experience customers are seeking, because of the satisfaction they themselves derive, as well as the rewards their receive for winning the sale.

Both parties win when the interaction is frictionless, seamless and personal. The retailer combines technology with the human touch to provide a better service, while the customer is able to continue the multi channel experience they may have initiated before they enter the store, and indeed may complete after they leave.

Chameleon-like staff offer right karma

Store staff now might need to facilitate a click & collect customer's order one minute, while seconds later they'll be asked to guide shoppers around the store knowledgeably, before perhaps collecting them a cup of coffee from the in-store cafe while a purchase is considered. It's a different world to the one their 20th-century predecessors experienced.

From the need to convey university-lecture style expertise about a product or demonstrate an item's functionalities as if they invented it, to the growing need to entertain, host and welcome customers into the brand's fold, retail staff must be chameleon-like in their service offering.

Cultivate a culture and simplify service

A successful retailer will focus on building a unique culture to ensure its store estate is delivering compelling experiences every day – and this consumer centricity relies on store associates.

Retailers must equip them with simpler technology suitable for a faster-paced shop setting but which is powerful enough to drive significant value and provide them easy access to all relevant data.

The technology to make a difference

Mobiles and handheld devices are here to stay for specialist tasks in retail stores, but the very nature of wearable technology presents an attractive as well as additive option for retailers looking to give their staff the digital fuel they require to help support customer centricity and the three 'I's.

Global shipments of wearable devices were forecast to reach 125.3 million units in 2018, up 8.5% from 2017, according to analyst group IDC. Shipments are expected to jump to 189.9 million units in 2022.

Although its figures are primarily influenced by consumer demand, IDC suggests smartwatches will focus on “proactively providing glanceable and actionable information to the user”, as well as offering new means of communication between users, something that is no longer simply optional for retailers that are committed to immediacy, inspiration and intimacy.

Is in-store mobile now legacy technology?

Like the historic ERP systems retailers often bemoan they must operate alongside the new agile, software-as-a-service additions to their technology

stacks, mobile technology in store sits alongside more agile and flexible wearable technology as an option for aiding store associate tasks.

Wearables set free the hands of the store associate to avoid barriers between retail staff and customer, facilitating better engagement with shoppers. At the same time, they bring multiple benefits:

- Immediate inter-departmental communication
- Subtle platform for important alerts
- Technology to check sales figures, stock inventory, or KPI progress
- And, most importantly in a service context, the ability to target individual customers with personalised messages, motivators and calls to action.

Wearables provide the wherewithal for retail to grow

A 2018 Deloitte report suggests wearables are driving workplace productivity and wellbeing in settings such as healthcare, retail, travel, financial services, and real estate – making workers “more productive” and “more capable”.

Wearable tech success stories in retail



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- ✓ Levi's staff say it is a positive and supportive technology
- ✓ Over 90% initial take-up of it and little application fatigue two years on from deployment



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- ✓ In-store sales team provided AI-driven, real-time metrics and insights via smartwatch
- ✓ Doubled sales performance and improved intra-day target by 10%.

The technology of now and the future

Wearable technology is found at the retailer intersection where exploring new methods of staff welfare meets their investigations into how to maximise new technology's potential.

Wearables to make best use of available tech

A 2018 Capgemini study of 400 global retailers found that 28% of retailers are deploying artificial intelligence (AI) in some form, and it is clearly a growing area of investment and interest for the industry because the figure stood a 17% in 2017 and 4% in 2016. As retail further invests in internet of things-enabled environments, AI will cement its place in the industry landscape.

With the correct set-up, retailers are using AI to generate company sales, inventory, assortment or planning information to help staff do their jobs properly. By conveying this type of information to store staff via wearable devices, this can create one powerful, well-informed sales associate.



Wearables to meet HR needs

Anecdotal evidence suggests the millennials and Generation Z want different things from the workplace to previous generations – there is more of a focus on wellness, working to live rather than living to work, and ensuring corporate life is experience-led and rewarding in multi-faceted ways.

With people using wearable devices in the daily lives – gamifying their exercise by competing with friends and family over the number of steps they take each day or using devices to monitor health – retailers should consider incorporating them in the workplace. Businesses can use wearable technology to satiate employees out-of-the-workplace hunger for competition while they are at work – gamifying sales targets or customer satisfaction metrics, for example.

Ultimately, wearable technology can help retailers and their staff meet the immediacy, proactivity, and engagement standards by which they are increasingly being judged. This aids sales conversions and facilitates data-driven decision making on the shop floor. Moreover, unlike other types of in store devices, wearables are a personal channel for providing an increasingly millennial workforce with the feedback they seek and new opportunities to progress in their roles.

Where are you on the retail store innovation spectrum?

Retailers already considering wearable technology as part of their in-store staff toolkit will be those at the cutting edge – they tend to be leaders or industry disruptors.

Retail is not dead, but boring retail is. That was a theory that gained momentum in 2018 and was originally touted by ex-US retail tech exec-turned industry commentator, Steve Dennis. As retail resets – and the ‘boring’ propositions that have lost resonance with consumers fall by the wayside – those that thrive will think differently by focusing on the trinity of value, convenience and experience.

Inevitably that creates a spectrum: retailers range from laggards to leaders, and everything in between including disruptors and fast followers. But the dynamics determining who is a leader and a laggard tends to be the extent of their ability to respond to the customer needs with that trinity in mind.

Inspiration from leaders

Value and convenience are becoming hygiene factors in retail, meaning differentiation comes from an ability to create experience – that is where individual brands and retailers can make a name for themselves and stand out in a competitive market.

We’ve picked out six companies we think are delivering different experiences to the rest of retail.



“Retail is not dead, but boring retail is

Nike

Nike’s new-look US stores paint a picture of the wider future of retail, with customers able to choose personalised designs for their trainers, which are created there and then in-store by brand/design experts.

An intrinsic link with the brand’s mobile platform also means the stores give app-holding customers a chance to scan items on mannequins, triggering a member of staff to get products ready in the fitting rooms – there’s also self-service tech throughout the shops supporting mobile payment functionality.

IMMEDIACY INSPIRATION INTIMACY



Sonae

Portuguese retail conglomerate Sonae has a whole division devoted to innovation, and it produces an annual 'Retail Book of Innovation' to showcase its work and associated projects.

It is often the first to trial new technologies, including an autonomous shopping cart which aimed to help its Continente hypermarket brand customers with reduced mobility – such as people in wheelchairs, pregnant women and the elderly – navigate the store without having to push a trolley.

INSPIRATION 



Zara

From flagship stores in its Iberian heartlands to its new retail theatres in London, Zara is shaking up fast fashion with stores that include robotic fulfilment of online orders, self-service checkouts, RFID-enabled changing rooms, and mobile payment opportunities.

Another recent move by the Inditex-owned retailer was to introduce augmented reality via its mobile app, meaning consumers can scan shop windows to bring to life – through their phones – models showcasing the latest clothing ranges.

IMMEDIACY  INSPIRATION 

Tommy Hilfiger

Tommy Hilfiger is one of several premium fashion brands introducing smart fitting rooms in their stores.

Using RFID technology, the touchscreens here provides customers information, recommendations and styling advice. Through conveniently located buttons on the screens, on-going conversations between customers and in-store staff can be facilitated, and items can be added to digital wish-lists that can be shared via social or email.

IMMEDIACY  INSPIRATION  INTIMACY 



Harvey Nichols

A new link between the web and stores enables online shoppers to have a conversation with in-store advisers to receive a 'personalised shop' and guidance on their potential purchase.

That same sales associate is then on hand to meet the customer when they do enter the store, and the shopper is added to the retailer's 'Black Book', ensuring staff can contact to inform them of relevant in-store events in the future, therefore fostering long-term relationships.

IMMEDIACY INSPIRATION INTIMACY



Sweaty Betty

Sweaty Betty lives and breathes its brand. It's not technology-heavy, aside from providing an easy-to-use online booking system and running an appealing website, but its 70+ free exercise classes a week all around the UK develop an invaluable brand connection with customers – as do the free workout videos it provides them.

IMMEDIACY



Between them, these six retailers are ticking so many boxes, either introducing tech that automates the customer journey, or empowering the store assistant to play a more relevant role, while also providing personalised experiences.

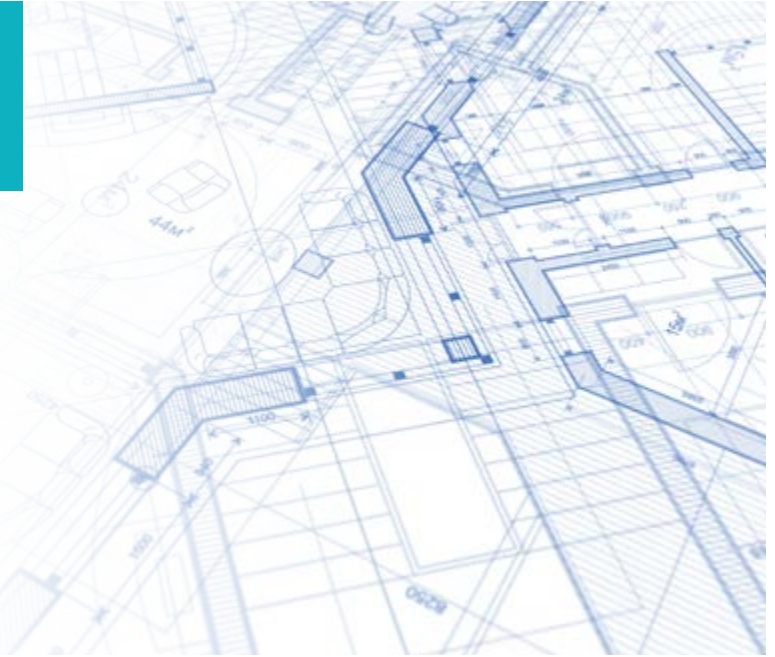
Is your retail organisation thinking like a leader



Key takeaways

TAKE 5 the overriding blueprint for in-store change and optimising people power

1. Make all decisions with the customer in mind, and shape plans around providing immediacy, inspiration, and intimacy
2. Don't under-utilise staff; engage and empower them
3. Retailers and store staff must explore the power of AI
4. Culture eats strategy for breakfast
5. Gamification and engagement - and the tech to facilitate it - drives the right culture



TAKE 5 takeaways from a people perspective

1. Think experience - enable the staff to provide frictionless and unique customer experiences
2. Give in-store staff the power of online, be it actionable segmentation, offer matching or targeting abilities
3. Engage staff with relevant information that helps them do their jobs better - the results are better work and fewer training requirements
4. Convey the message that immediacy, inspiration and intimacy creates trust, and trust creates repeat purchase
5. A motivating workplace is key - introduce gamification for healthy competition and better performances, or for reinforcing the right behaviours and rewarding talent

TAKE 5 takeaways from a technology perspective

1. Hide the technology - less visible, low-touch tech is more customer centric
2. The simpler or more familiar the technology, the better - because the more intuitive the tech, the higher the adoption rate
3. Use the same device in store for multiple purposes, but not at the cost of the user adoption rate - be clear on the purpose that the device is meant to fulfil
4. Be clear on the measurements of success for each in-store device
5. Embrace AI, embrace wearables - and consider their combined power

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about our innovative technology**

About Inovretail

We are a retail innovation company on a mission to democratise data intelligence.

We provide data science solutions and digital tools that deliver quantifiable insights and actionable recommendations with direct and sustainable impact on key metrics. Our solutions are SaaS based, fast to deploy, easy to use and help retailers in three key areas.

- Sales incentives & KPIs
- Customer Experience & Activation
- Operational Excellence

Contact us today for a free demonstration of our technology and services

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