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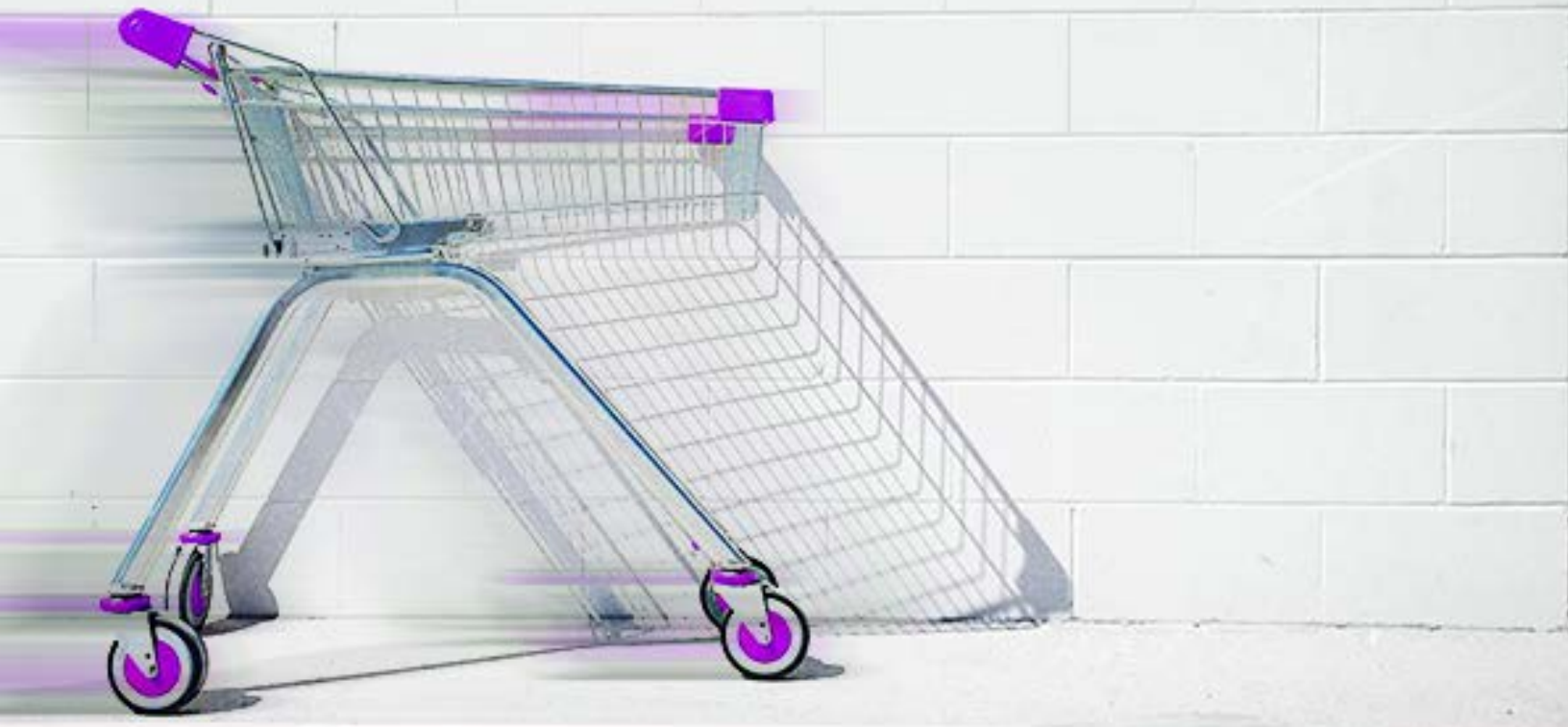
FINDING PURPOSE IN-STORE

Are you thinking about the right tools to sell faster?



Retail has become a race to win the consumer, making speed a key capability. In fast fashion, for example, businesses focus on anticipating surge events and new styles, taking quick action, and making quick sales. But while retailers, especially in fast fashion, are willing to take chances with inventory and regularly change what they sell, few ever change how they sell.

That's what Marie Claire and Mastercard did when they teamed up to open The Next Big Thing Concept Shop. The pop-up shop in New York City featured several experiments meant to upgrade the in-store retail experience. They had something for everyone. Customers seeking personalized guidance could participate in immersive experiences with smart mirrors as product advisors. For those in a rush, or who passed by after store hours, a digital outdoor display let them shop store displays at any time of day or night, without having to interrupt their busy schedules.[1]

Massive changes in technology and information flow—and the ubiquity of points of influence and sale—are redefining customer expectations. According to DigitalBridge, nearly 74 percent of consumers already expect retailers to offer augmented reality experiences—and that's just one of many emerging technologies giving retailers new ways to compete.[2] To meet these new expectations, retailers must create customer-led experiences that are both immersive and personalized. Some, like Marie Claire, are taking action to meet customers where they are, literally and figuratively, and excel in delivering memorable customer journeys. Others, built solely on the legacy retail model, will not survive. To grow in the future, retailers must constantly change, continually exploring very different offering, selling, and operating models. They can do this by experimenting with a new toolset: The Internet of Thinking.

The Internet of Thinking combines cloud and edge computing power to deliver intelligence everywhere, at the speed of thought. It emulates near infinite data storage and bandwidth to power remote and fast decisions. This enables businesses to analyze and act on data where it is generated—triggering decisions instantly—without a time lag.

In an increasingly purpose-driven world, where competing in retail means proving to customers that retail deserves space in their lives, the Internet of Thinking toolset will be critical. It will let retailers quickly launch new kinds of pilots, like last mile delivery and returns, alternative payment methods, and immersive in-store experiences, with an end goal of surfacing new business opportunities that enable purposeful customer experiences. Leaders will have experimental and creative mindsets, and those who fail to change will fall behind.

FOCUS ON EXPERIMENTATION

To successfully utilize the Retail Internet of Thinking toolset, businesses must emulate fast fashion and focus on quick experimentation. By developing pilots that experiment with new, customer-led experiences, they can bring new forms of intelligence into the footprint of their traditional "store," and more easily expand that footprint. Focusing on proof of success rather than scalability will let them explore trends before they become saturated and will give them an early advantage for drawing customers to their physical environments.

One company already testing the Internet of Thinking toolset is Kroger. The grocery giant is experimenting with robotic delivery services to make the grocery shopping experience more personalized and convenient. For the experiment, Kroger is partnering with Nuro, a driverless delivery company, to test automated last-mile grocery delivery in select areas. Within the pilot area, customers can purchase groceries through either the Nuro app or Kroger's ordering interface, and Nuro's autonomous fleet will fulfill the orders that same day.[3] In this case, Kroger is using the Internet of Thinking—autonomous hardware—to extend the physical footprint of the store. The company behaves as a partner to its customers, offering more flexible delivery times and maintaining competitive service fees, and is also able to service areas that might previously not have been an option.

For retailers looking for less infrastructure investment in their early experiments, focusing on mobile Internet of Thinking capabilities will be more appealing. Customers already carry mobile devices everywhere, and mobile devices that take advantage of cloud and edge compute can help businesses better anticipate customer needs and draw people into their stores, increasing the chances that they'll buy.

Retailers understand there's a lot at stake and customer expectations are soaring. Accenture's Global Consumer Pulse Research found that 61 percent of customers globally switched companies due to poor service.[4] Internet of Thinking technologies like autonomous robots and mobile on-device compute will enable retailers to be more agile and respond more nimbly to changing customer expectations.

But to do this requires a willingness to approach pilots as they were meant to be—experiments.

This means that in contrast to the retail industry's traditional desire for perfectionism, companies will need to embrace a landscape full of experiments and recognize failures quickly. Retailers must maintain good relationships within their partner ecosystems, design flexible experiments, and move on quickly when experiments don't pan out. Above all, they must embrace a culture of constant trial and error.

MAKING IN-STORE EXPERIENCES CUSTOMER-LED

The fundamental definition of retail is evolving. Today, it centers on the relationship between consumer and merchant, enabling commerce across a broad set of needs. To that end, experimenting with physical retail, such as intelligent environments and immersive experiences, should be intentional and purpose-driven. Understanding customer pain points, and running pilots that solve those pain points, promises to transform the retail experience—from deciding to go shopping all the way through the checkout process.

Social networks make it easier for brands to connect with customers around the clock, in ways that are more personalized, relevant, and meaningful. These networks also open the door to new sources of influence—family, friends, and celebrities who affect and inspire purchasing decisions. In fact, 62 percent of social media users are influenced to make a purchase through social media.[5] So for those on the go, Chinese company Tencent created a platform that allows customers to "follow" businesses on WeChat for location-based news and discounts. Geofencing stores or using low powered beacons that interact with customers' mobile phones, allows stores to notify their followers about promotions or discounts when they happen to be physically nearby. By advertising to customers who are already in the area, this platform solves the first customer pain point: getting to the store. Ultimately, it also generates more sales for the participating stores and more revenue for platforms like WeChat.[6]

Once in the store, customers often face more pain points, and nothing is as frustrating as not finding the right items. Tesco Labs recognized this and piloted in-store technology to hyper-personalize local offerings. The company uses Hoxton Analytics' solution: knee-level cameras that monitor footfall—footwear type and gait analysis—to determine customer demographics and to track customers' paths around stores, analyzing, for example, how long they spend in each area. After piloting at Tesco, Hackney City Farm, and other stores, Hoxton Analytics found that they can determine customers' genders with 75 to 80 percent accuracy, and count footfall with 95 percent accuracy.[7,8] Hyper-localized information like this can help retailers stock the right inventory for their specific customer-base, rather than national or regional averages. It can also help them design better store layouts that maximize the utility of high traffic locations, while monitoring merchandising and promotional material ROI by looking at dwell time.

Once customers have found what they want, there are still ways to make the retail journey even more customer-led. Many retailers are experimenting with edge computing, analytics, and mobile technology to streamline payment and checkout processes, hoping added convenience will win them customer loyalty. In Austria, Saturn Express allows customers to pay for items using an app that accepts the barcodes of items they want to buy and lets them skip checkout lines.[9] Face++, a Chinese facial recognition startup, has taken mobile payments even further. Face++ technology is already used in several popular apps, like Didi Chuxing, and has made it possible to transfer money through Alipay, a mobile payment app, using only one's face.[10] Kinexon, a precision-technology company in Germany, offers a third, different way to streamline payments. Kinexon uses battery-powered sensors to track customer motion to identify long lines, and over time, machine learning algorithms predict wait times, letting customers avoid peak hours and helping employees open and close checkout lines in tandem with traffic.[11]

Using the Internet of Thinking is enhancing retailers' ability to drive engagement with shoppers. Tablets and smartphones are pervasive for consumers, and with new compute capabilities enabled by the Internet of Thinking, retailers can run more tools locally than ever before. This brings customer-led experiences to life—like adding an item for purchase simply by taking a photo of it, aggregating real-time insights to anticipate hyper-relevant offerings, simplifying and customizing payments options, or delivering items where and when is most convenient for an individual shopper.

The 2018 Accenture Technology Vision report explores how new IT trends—like the Internet of Thinking—are giving companies an opportunity to engage with people differently. It couldn't be more-true for retail. The future of retail is a battle for relevancy and authenticity, aligned to the brand's purpose, and the Internet of Thinking will help businesses meet their customers where they are. The vast majority of retail transactions happen in-store, but consumers are empowered to shop around for lower prices. This makes in-store experiences, that cater to customer needs and solve customer pain points, hugely impactful. The brands that established themselves as trusted partners to consumers will win their loyalty.

With a new Internet of Thinking toolset, retailers now have the ability to transform in-store experiences with intelligence wherever the customer-led journey requires it.

This toolset will help retailers explore new ways to engage customers, launch pilots faster, and differentiate themselves in a rapidly-changing landscape.

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