CHAPTER FOUR

TECHNOLOGY: THE IMPACT ON TODAY'S STORE DESIGNS

Verizon Destination Store, Minneapolis

- **Technology in store is an established part of the design process**
- **80% of retailers put technology at six out of 10 or above in terms of its importance for shoppers**
- **Mobile point of sales, queue management systems and ordering kiosks deemed by retailers to be of the most value to consumers**
- **Many shoppers are yet to realise this significance; 37% say they were not familiar with any of the in-store technologies listed, with nearly 30% saying technology is not at all important as part of their shopping experience**
- **Argos and Currys PC World, however, were recognised for the technology in store by those shoppers who say they enjoy these retailers' store designs**

As both retailers and consumers have outlined in the research for this report, shopper expectations from the world of store design are increasing. And part of that is owing to the increasingly multichannel and technology-driven world in which they shop.

One retailer notes: "Consumers expect stores to offer a seamless shopping experience across their devices, therefore store designers need to find ways to simplify store layouts while enabling better technology to serve customers."

Another adds: "There is a demand for more engaging environments, multichannel to be better represented and more choice for all customers."

This chimes with the view of a design director of a large fashion group who comments: "Fundamentally, the tech retailers must be good. But the reason that some have shied away from this is that you can spend tens of thousands of pounds and still not compete with people's personal technology these days."

Another retailer is cautious about in-store electronic gadgetry, agrees that it had a place: "Historically, we've been technophobes. But where we put little video screens that show how a product works – Oh my God, it makes a difference."

THE PLACE OF IN-STORE TECHNOLOGY

Technology certainly has a place in physical stores, but the consensus view of that place has changed over the past 12 months and will continue to do so. This year's report asks retailers for the first time what importance they feel customers attach to technology in store – 80% of those surveyed put technology at six or above (out of a maximum of 10) in terms of its importance for shoppers. In another 12 months' time, it will be interesting to note whether this grading increases as consumers continue to familiarise themselves with in-store technology, and retailers get better at delivering it to best effect for their target customers.

When retailers were asked which three in-store technologies they feel are of most value to consumers, mobile point of sale is the most favoured, with in-store kiosks, digital displays and shelf-edge pricing all featuring as important (see chart 4.2).

When looking at what retailers believe matter less to consumers, virtual fitting rooms, mirrors that provide an augmented reality experience (as in, for instance, the Burberry flagship on Regent Street) and web-enabled fitting rooms were deemed to be less of a priority at present. At the bottom of retailers' pile in terms of priority are wearable computers, which none of the survey respondents consider a technology that they would list among their top three in-store. This is not to say, of course that it is unimportant. This technology is new both to retailers and consumers

4.1 WHAT IMPORTANCE DO YOU THINK CONSUMERS ATTACH TO IN-STORE TECHNOLOGY?
(ON A SCALE OF 1 TO 10, 1 = NOT AT ALL IMPORTANT, 10 = EXTREMELY IMPORTANT)

Not at all important

Scale	Value
1	2%
2	0%
3	2%
4	2%
5	12%
6	16%
7	23%
8	30%
9	2%
10	9%

Extremely important
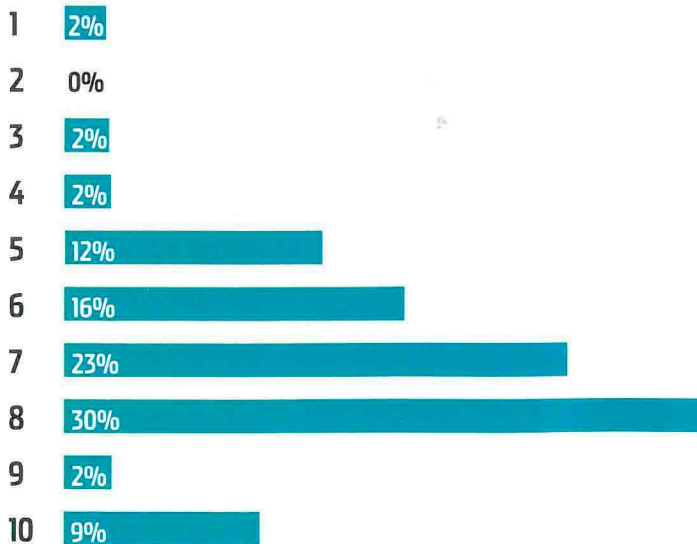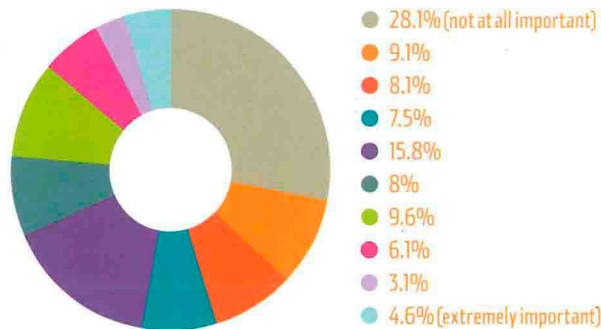
BASE: ALL RETAIL RESPONDENTS

> **"THE REASON THAT SOME HAVE SHIED AWAY FROM THIS IS THAT YOU CAN SPEND TENS OF THOUSANDS OF POUNDS AND STILL NOT COMPETE WITH PEOPLE'S PERSONAL TECHNOLOGY THESE DAYS"**
> Design director of a large fashion group

4.2 WHAT THREE IN-STORE TECHNOLOGIES DO YOU THINK ARE OF MOST VALUE TO CONSUMERS?

Mobile point of sale	53%
Queue-management systems	44%
Ordering kiosks	42%
Digital displays	40%
Shelf-edge pricing	30%
Roving iPads	23%
Bluetooth beacons	19%
Interactive TV	14%
Augmented reality mirrors	7%
Other	7%
Virtual fitting rooms	7%
Connected fitting room	5%
Endless aisle interactive walls	2%
Wearable computers	0%

BASE: ALL RETAIL RESPONDENTS

4.3 ON A SCALE OF 1 TO 10, HOW IMPORTANT IS IN-STORE TECHNOLOGY, SUCH AS IPADS AND VIRTUAL FITTING ROOMS, AS PART OF YOUR IN-STORE SHOPPING EXPERIENCE?

- 28.1% (not at all important)
- 9.1%
- 8.1%
- 7.5%
- 15.8%
- 8%
- 9.6%
- 6.1%
- 3.1%
- 4.6% (extremely important)

BASE: ALL CONSUMER RESPONDENTS

and the future impact of this on shopping habits and retail stores is, at present, unknown. But at the Retail Week Technology and Ecommerce Summit in September, Tesco chief information officer Mike McNamara said that such technology – for instance internet-connected clothing – is only five years away from being used in store at Tesco.

The comparison of retailer perception with consumer perceptions of in-store technology is interesting. Nearly 30% of shoppers graded in-store technology a one (on a scale of one to 10, one being least important) as part of their overall shopping experience (see chart 4.3). The next highest grade to be given was a middle-of-the-road

five, by nearly 16% of consumers. So in the analysis of this versus the retailer opinion, it could be said that perhaps retailers, already immersed in the in-store technology options available, are aware of the significance of technology as part of the customer experience before shoppers are aware of the benefits it will bring in the future.

When asked which technologies retailers feel are of most significance to shoppers, mobile point of sale, queue management systems and ordering kiosks emerged as the most commonly cited in the top three responses (see chart 4.2). However, when consumers were asked the same question, a surprising 37% said that none of the technolo-

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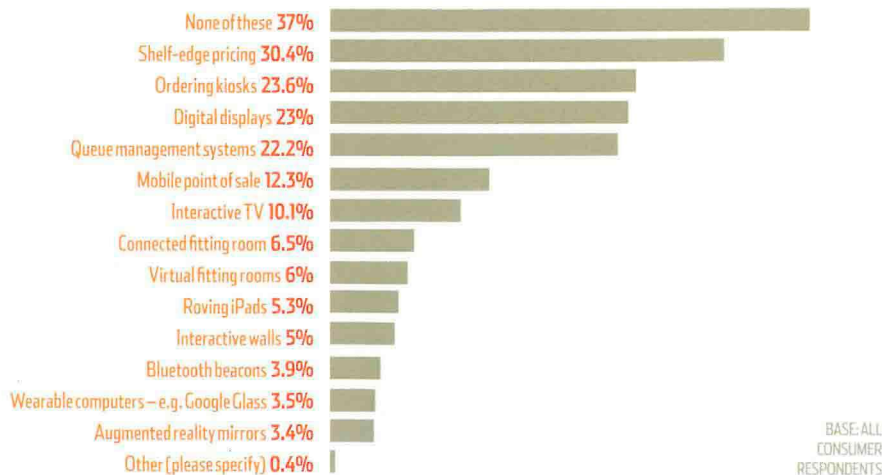> Design director of a large fashion group

gies were even familiar to them as part of their shopping experience. The three most commonly cited in terms of familiarity are shelf-edge pricing, ordering kiosks and digital displays (see chart 4.4).

But there is no question that technology is noticed by considerable numbers of shoppers. For instance, of the 150 consumers who cited Argos in their top three favourite retailers in terms of store design, 43% of those said they particularly valued their use of technology in store. Argos is, of course, renowned for the successful roll-out of its new-generation digital stores, which include digital signage, browsers and screens. And of the 115 polled who said Currys PC World was among their top three retailers in terms of store design, 43% of these respondents also singled them out for their incorporation of technology into store design. This is another retailer which recognises the potential of technology in enhancing the customer experience.

Moreover, many other consumers' lack of familiarity with technology is not and should not impact on the strategies of today's store design creatives. Creating the optimum in-store customer experience is about keeping ahead of the trends, giving customers what they want before they know they want it, and creating a point of difference. The technology needs of consumers in another 12 months' time will have shifted considerably, so the fact that retailers are keeping ahead of the in-store technology curve will help them create a standout design experience and, in turn, keep ahead of the competition.

4.4 WHICH TECHNOLOGIES ARE YOU FAMILIAR WITH AS PART OF YOUR SHOPPING EXPERIENCES?

None of these	37%
Shelf-edge pricing	30.4%
Ordering kiosks	23.6%
Digital displays	23%
Queue management systems	22.2%
Mobile point of sale	12.3%
Interactive TV	10.1%
Connected fitting room	6.5%
Virtual fitting rooms	6%
Roving iPads	5.3%
Interactive walls	5%
Bluetooth beacons	3.9%
Wearable computers – e.g. Google Glass	3.5%
Augmented reality mirrors	3.4%
Other (please specify)	0.4%

BASE: ALL CONSUMER RESPONDENTS