RetailWeek
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REPORTS

Supercharged stores

The top 30 retailers winning with tech

RETAIL WEEK
FOREWORD

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HEAD OF COMMERCIAL CONTENT OPERATIONS

Gone are the days when market watchers were sounding the death knell for the retail store in the face of online competition. In fact, technology has become less of an adversary and more of a way to merge the online and in-store customer experience in ways that keep bricks-and-mortar shopping relevant and exciting.

Experience is the new currency within retail, and where online once outpaced physical environments in terms of convenience, now retailers realise they can leverage technology in store to recreate ease of product selection and payment, with the added benefit of a customer trying an item before they make a purchase.

There are meaningful lessons to learn from Apple and Burberry, two retailers famed for their innovative tech-driven approach to store design and service, and that have topped this Retail Week ranking of the top 30 retailers by store sales densities.

This report comprises a league table of the leading retailers judged on this metric using exclusive research from Retail Week intelligence tool Prospect, in partnership with Panasonic. Alongside this, we have analysed which of five key in-store technologies these retailers have invested in to provide a comprehensive overview of market adoption of current technology trends, and how they are likely to help drive engagement and conversion.

The retailers in this ranking are successful because they are investing in technologies routed around the needs of their customers.

While Apple and Burberry sell high-value goods and have a customer that expects a seamless experience in store, Aldi has none of the technologies outlined in our table but has invested in simpler solutions such as faster checkouts.

We take a look at where the most successful retailers are investing, those that are using technology to create a seamless experience between online and in store, and where the sector should invest going forward.

The future of bricks-and-mortar retailing is about delivering engaging, immersive experiences, and technology is increasingly playing a huge part in that.

> " Successful retailers are investing in tech routed around the needs of their customers "

RETAIL WEEK CONNECT: SUPERCHARGED STORES

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VIEWPOINT

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Recent research has found that one third of consumers would rather spend time cleaning dishes than visiting a retail store. What was once deemed a pleasurable pastime has now turned into a chore for many. Online shopping can offer buyers an enriched, seamless and tailored user experience, 24 hours a day at their convenience. This is unsurprisingly expected to be matched in physical stores as well.

At Panasonic, we believe technology is key to driving the customer experience in store and integrating this with a retailer's online presence, offering a single, high quality and enjoyable experience. Working with Retail Week, we have been looking at those most successful on the high street, and how the top 30 retailers by sales density per square foot are approaching this financial challenge.

This report identifies ways in which the top 30 retailers are using technology to deliver a range of benefits to their customers while creating their own competitive advantage.

These customer benefits include:
- An overall more enjoyable shopping experience.
- A more personalised service based on individual needs.
- A faster (where appropriate) and seamless journey through the store.
- More availability of products. Customers want to buy, and have the option to collect, online 'exclusive' orders in store.

Ultimately, these customer benefits can in turn increase the sales per square foot for retailers.

Each retailer is unique, the technology they are deploying and how they are using it varies significantly. The key is for retailers to understand their customers and provide an experience in store that they cannot get elsewhere, that is also intrinsically linked to their online activities.

At Panasonic, we are working with retailers across Europe to bring these impactful technologies in store to reality, making the customer experience one to remember and creating more traction for consumers to want to visit a retail store.

> **The key is for retailers to understand their customers and provide an experience in store that they cannot get elsewhere**

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Apple has perfected the mobile checkout, with customers able to pay for products anywhere in store

RANKED
1

INTRODUCTION
AT A GLANCE

For the vast majority of UK retailers, the store plays a huge role in the future of their business. The challenge is to remain compelling and relevant on the competitive high street where customers' loyalty is waning, while at the same time their expectations of the retail experience are increasing.

As sales per square foot at physical stores decline while online sales rise, retailers need to maximise every inch of the estate they do have.

Businesses are looking to technology as a way to increase footfall and gain an edge on the in-store experience. Display screens, mobile point-of-sale (PoS) technology, interactive touchscreens and free customer Wi-Fi are just some examples of tech being deployed on the shopfloor.

In this exclusive report, produced in partnership with Panasonic and leveraging Retail Week Prospect data, we analyse the relationship between the top 30 UK retailers by sales density and their use of in-store technology.

The aim of benchmarking bricks-and-mortar retailers by their average turnover per square foot of store space is to highlight which brands are drawing in shoppers, what technology is contributing to their success and the lessons being learnt.

Apple tops our ranking. Through its use of in-store terminals, Wi-Fi, interactive touchscreens and transactional tablets, it generates £3,850 sq ft of sales in its UK stores. This compares with Holland & Barrett, ranked at 30, which has made no investment in any of the above technology and counts £605 sq ft of sales.

Tesco generates £995 sq ft of sales, while Sainsbury's is at £860. Aldi, however, beat both to fifth spot in our ranking. Despite not investing in screens or transactional technology in store, the retailer cites its new till technology as the enabler of sales densities of £1,220 sq ft.

Through a series of case studies, this report considers the different applications of in-store tech – from optimising stock and merchandising processes to creating a frictionless customer experience – as well as the business case for tech investments.

Tech is changing fast but we identify key areas retailers should consider investing in to ensure their in-store environment is as attractive, productive and as profitable as it can be.

RETAILERS USING TECH
SUPERCHARGED STORES

TOP 30 RETAILERS BY SALES PER SQUARE FOOT AND THEIR IN-STORE TECH INVESTMENTS

	RETAILER	SALES PER SQ FT (£)	IN-STORE KIOSKS OR TERMINALS	IN-STORE WI-FI	BEACONS	TRANSACTIONAL TABLETS FOR STAFF IN STORE	IN-STORE INTERACTIVE TOUCHSCREENS
1	APPLE	3,850	✔	✔	✘	✔	✔
2	BURBERRY	2,800	✘	✔	✘	✔	✔
3	HARRODS	1,450	✘	✘	✘	✔	✘
4	KURT GEIGER	1,300	✘	✘	✘	✔	✔
5	ALDI	1,220	✘	✘	✘	✘	✘
6	SELFRIDGES	1,188	✘	✔	✘	✘	✔
7	SPACE NK	1,180	✘	✘	✘	✘	✘
8	LIBERTY	1,163	✘	✔	✘	✘	✘
9	GAME	1,125	✔	✔	✘	✔	✔
10	LIDL	1,040	✔	✘	✘	✘	✘
11	TESCO	995	✔	✔	✔	✘	✔
12	ASDA	990	✔	✔	✘	✘	✔
13	WAITROSE	965	✔	✔	✔	✔	✔
14	BOUX AVENUE	935	✘	✘	✘	✘	✘
15	MORRISONS	910	✔	✔	✘	✘	✔
16	OFFICE	870	✘	✘	✘	✔	✘
17	SAINSBURY'S	860	✔	✔	✘	✘	✔
18	TED BAKER	849	✘	✔	✘	✘	✘
19	BOOTHS	835	✘	✘	✘	✘	✘
20	LUSH	830	✘	✔	✘	✔	✘
21	FORTNUM & MASON	800	✘	✘	✘	✘	✘
22	DIXONS CARPHONE	770	✔	✔	✔	✔	✔
23	TM LEWIN	745	✘	✘	✘	✘	✘
24	ZARA	735	✔	✔	✘	✘	✔
25	SWEATY BETTY	720	✘	✘	✘	✔	✘
26	JESSOPS	685	✘	✘	✘	✘	✘
27	BOOTS	665	✔	✔	✘	✔	✔
28	FOOTASYLUM	645	✘	✘	✘	✘	✘
29	THE CO-OPERATIVE FOOD	625	✔	✘	✘	✘	✘
30	HOLLAND & BARRETT	605	✘	✘	✘	✘	✘

Source: Retail Week Prospect estimates

Kurt Geiger uses iPads as mobile checkout devices, so staff can take payment on the shopfloor

RANKED
4

THE SUCCESSFUL TECH ADOPTERS

- **Less is more with in-store tech such as displays to create maximum impact**
- **Refit stores to create a sense of theatre and offer convenience via tech**
- **Update back-end systems to ensure Wi-Fi is fast and in-store devices are running on real-time data**

The high street this year has been littered with casualties after a litany of CVAs, such as Carpetright and House of Fraser, and retail administrations including Toys R Us, Maplin and Poundworld. What do they all have in common? Store formats that have struggled to remain relevant on an increasingly competitive high street.

A key metric used to assess how retailers are faring against this uncertainty is store sales density. Sales densities show the average turnover generated per square foot of store space and are a good measure to show which retailers are maximising their pricey physical footprint.

Retail Week's ranking of the top 30 retailers by store sales density seeks to highlight those businesses that have used technology most effectively to drive sales

per square foot. By using technologies aimed at simplifying the customer journey, providing compelling experiences, and bringing a sense of theatre and inspiration to shoppers, they have strengthened footfall and sales.

Luxury leads the way

Apple and Burberry, the top two retailers in our ranking, cast a large shadow over their bricks-and-mortar competitors. Apple generated £3,850 sq ft of sales in 2016/17, while Burberry's sales density reached £2,800 in 2017/18. In third place, Harrods is well behind with £1,450 sq ft in 2016/17.

RFID
Radio frequency identification tags are used to improve stock visibility

Seven of the top eight retailers in our ranking sell high-value goods, with a predominantly luxury aesthetic and a destination shopping experience. This suggests that expensive products are a driver of sales per square foot.

But there is more to it than that. Selfridges, for example, arms staff with mobile technology such as iPads so they can check stock availability instantly for customers, driving conversion rates.

Meanwhile, Harrods has invested in screens that display editorial content and brand advertisements in high-footfall areas of the store, as well as a GPS-enabled app to help shoppers explore. The development of a more digital approach has been a learning curve for the retailer, which in part is why it is behind Apple and Burberry in the ranking. Initially, screens were scattered throughout the store before it began limiting their use to a few key areas with greater impact. These recent changes helped increase sales per square foot by 20.8% in 2016/17.

This reflects a critical trait among the retailers in our ranking. They have generally avoided using technology for the sake of it and instead ensured each investment in a customer-facing feature serves a strategic purpose.

Refined approach

Liberty (which generated sales of £1,163 sq ft in 2016/17) takes a restrained approach, but one it has updated to stay relevant and maximise the potential of its only London department store, a landmark in the capital.

Choosing to focus more on back-end investments, Liberty recently upgraded its legacy IT systems to modernise customer service capabilities across channels and worked with technology provider Cisco to implement a new in-store Wi-Fi system.

The Wi-Fi network collects information from nearby logged-in smart devices, enabling location-based analytics. Information is gathered in real time, such as median visit lengths and the repeat visit rate, providing Liberty with insights into customer trends that can support a more targeted approach to sales.
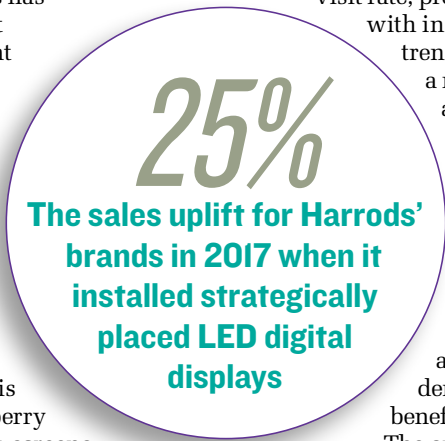
This demonstrates that overloading stores with technology is not always conducive to success, but a more considered approach with a clear message aimed at a targeted demographic is sure to benefit footfall and sales.

The outlier in the top eight is Aldi, with £1,220 sq ft in sales in 2017. The discount grocer does benefit from its stores being generally smaller than other UK supermarkets, making it easier to generate higher sales per square foot, but its success should not be downplayed.

Aldi's focus on affordability and quality in its product range has been complemented by a patient approach to innovation where it looks to absorb the lessons learnt by other retailers before investing in tech. For instance, Aldi didn't have scanners until 2001, but the introduction of the euro meant this was no longer feasible. The retailer looked into all scanning technology, and now has the fastest checkouts available.

The grocer also added its own

25%

The sales uplift for Harrods' brands in 2017 when it installed strategically placed LED digital displays

RANKED
3

Harrods has invested in display screens and a GPS-enabled customer app

RELAX TAKE A BATH

RANKED
20

Beauty retailer Lush's visual search tool, Lush Lens, allows shoppers to identify products using their smartphone camera

products on the shop's shelves and in stockrooms using a remote RFID reader. This has been deployed by Tesco, Asda and Burberry to improve stock visibility and support a more frictionless customer journey. It also has implications for pricing, with grocers able to locate and reduce prices on foods approaching their sell-by date quicker – supporting convenience and stock management.

In terms of technologies retailers have pulled away from, beacons have not had a big impact. Once flagged as revolutionary, beacons would boost personalisation in store by sending push messages to customers via their smartphones based on shopping history, preferences or demographics, to offer tailored promotions and information. However, beacons have not been widely utilised. House of Fraser, which was bought out of administration by Mike Ashley in August, is among the few large UK retailers to have trialled them in recent years. The department store chain had sales densities of £235 per sq ft in 2016/17.

Any advantages of beacon technology seem to have suffered as it can often complicate rather than simplify the shopping journey, requiring customers to have pre-installed apps or voluntarily opt-in to receive information. This is particularly tricky in a time when concerns and regulations over privacy are at the forefront of shoppers' and businesses' minds.

Similarly, in-store digital receipts, sent to the customer by email, have been employed by retailers to gain access to consumer data but are increasingly viewed in a suspicious light as customers become more tech savvy and conscious of their privacy.

Heat mapping using beacons is another tool that has received a somewhat limited uptake among physical retailers. Using a wireless connection, the technology turns data around in-store movements into a visualisation. This demonstrates how long a person or object has been in a certain area, providing insights into why these areas are more or less commonly occupied.

It seems necessary for further improvements in this form of technology application if it is to be used more widely as a tool with the potential to improve merchandising, customer service and ultimately boost conversation.

Another technology that has been

innovation – oversized barcodes that appear in multiple locations on products to ensure fast scanning and greater efficiency.

After ongoing improvements to checkout technology, Aldi's sales per square foot rose 4.3% during 2017, up from a 1.7% improvement in 2016.

Again, adopting a more considered approach to in-store tech has correlated with higher sales densities, as well as using technology to magnify features its target market are most swayed by – in this case speed at the checkout.

A basic yet key development across many of the top 30 has been the introduction of self-checkout technology. This goes beyond grocers to fast fashion, where customers want speed and convenience in their hectic lifestyles.

For instance, Zara (ranked 24th with £735 sq ft in sales in 2016/17) implemented self-checkout in its Westfield Stratford digital concept store in 2018 to address its slow-moving queues and enhance the customer experience. It has also trialled this technology across a number of other key UK stores since late 2017.

Prior to trialling the tech, Zara's sales densities had declined for the first time this decade. This reactionary investment reflects the growing awareness that such technology is becoming synonymous with convenience and in-store productivity.

Hits and misses
Another in-demand technology is radio-frequency identification (RFID) tags, which enable store staff to identify all

poorly utilised by many retailers is digital screens. Often these are flashy features with no real purpose that can go unnoticed by shoppers. However, Zara has persisted with LED screens that allow shoppers to view products, as well as touchscreens in fitting rooms to enable customers to request different items.

Zara has made the technology more accessible, user friendly and appealing to shoppers, but retailers do not always implement screens in such a way, leading many – like Harrods – to adopt a simpler approach to the technology.

Retail theatre

It is clear that it is less about the features of in-store tech and more about how it is implemented that determines a customer's reaction and the effect on sales.

To this end, Selfridges – ranked sixth with sales of £1,188 sq ft in 2016/17 – has worked hard to create immersive experiences, reinforcing its unique offering through wide-ranging product personalisation opportunities for customers on the shopfloor.

Lush – ranked 20th with sales of £830 sq ft in 2016/17 – has invested in its Lush Lens visual search tool that lets users discover more information about a product by identifying it with their smartphone camera. It also has an online voice-activated assistant called Lush Concierge. Shoppers can ask questions such as where the nearest store is, and staff are able to use the technology to find out information such as stock levels and other inventory-related queries.

Again, these technologies combine a sense of theatre with practical support that simplifies and enhances the customer experience. Importantly, these features are consistent across Lush's network of varied stores of different sizes and help support a coherent brand image, boosting loyalty.

Creating a sense of theatre and

40%
Aldi claims its checkouts are 40% faster than those at other grocers

inspiration via digital features is set to continue defining the retail experience. Consumers have come to expect experiential shopping and are so digitally savvy that bricks-and-mortar retailers can easily end up being perceived as luddites unless proper investments are made.

These retailers have realised that adapting to the digital age requires understanding of how customers interact with stores and that they must better segment shoppers, entertain them and provide a seamless path to purchase.

In-store technology has also been used pragmatically to boost operational efficiencies. Amid a flurry of disruption across retail, technology in store has helped sustain profitability and free cashflow, enabling the retailers in our ranking to continue investing in capabilities that differentiate them from rivals.

To this end, a lot of customer experience improvements have been through hidden technology, mostly focused on stock visibility, analytics and security.

For instance, Holland & Barrett rolled out a new EAS (electronic article surveillance) security system across its entire store estate in 2016 to support loss-prevention solutions and data analytics. This improved merchandise availability by reducing lost stock. The system also counts and analyses footfall against transaction data to calculate shopper conversion rates and improve staffing allocations.

The likes of Liberty, Burberry and Tesco, among a number of others, have used analytics to be able to position staff in high traffic areas and ensure high levels of stock are available in promotional areas. They also use RFID to have full visibility of where items are within stores to allow staff to locate stock for customers and improve merchandising.
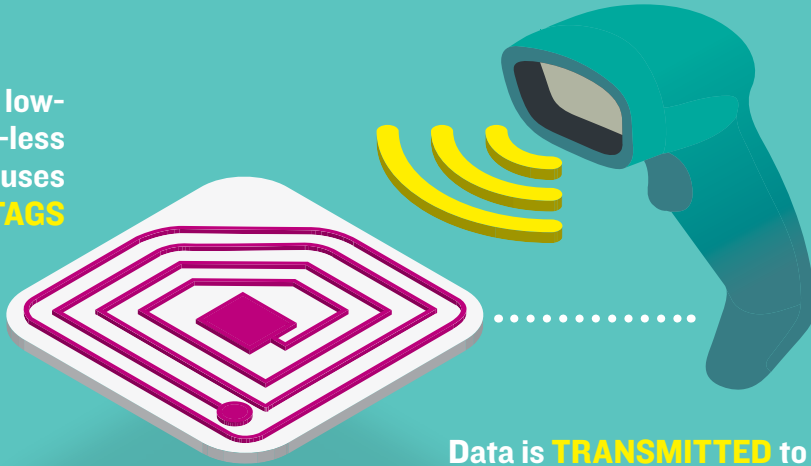

PANASONIC BUSINESS
ACTION POINTS

- **Learn from the top 30 where technology works in store.**
- **Discover and test technology to enhance in-store experience and operations.**
- **Promote enhanced in-store experience to customers.**

HOW DO RADIO FREQUENCY IDENTIFICATION TAGS WORK?

RFID is a low-cost battery-less technology that uses PRODUCT TAGS

Data is TRANSMITTED to an RFID reader via radio waves. This means the reader almost INSTANTLY detects EVERY ITEM in a shopping cart in REAL TIME

Data is then TRANSFERRED through a communications interface to a HOST COMPUTER system, where it can be stored in a database and ANALYSED at a later time by the retailer and product manufacturer
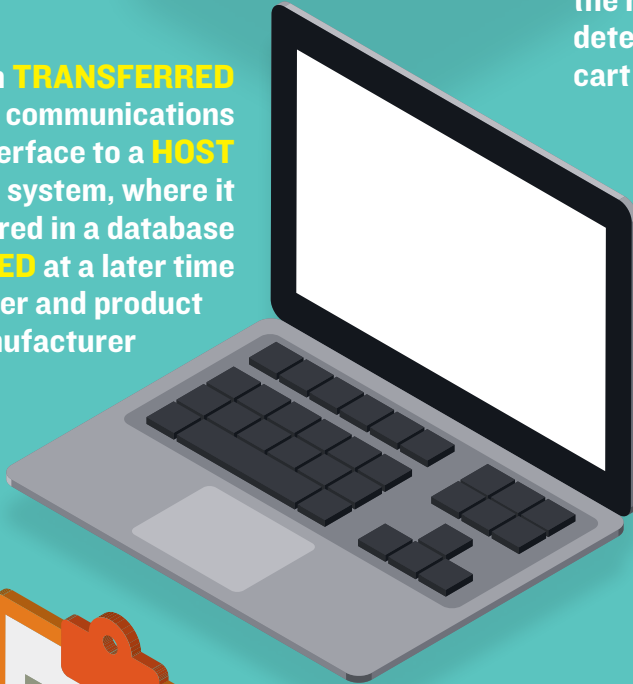
Tags carry UNIQUE IDENTIFICATION numbers and store a moderate amount of data, which can be used to IDENTIFY AND TRACK items on an INDIVIDUAL level anywhere in the store

The technology allows the retailer far greater CONTROL over the SUPPLY CHAIN and store INVENTORY, freeing up staff time to focus on the customer

CHAPTER TWO
RETAILERS IN FOCUS

- **Apple has perfected the mobile checkout, with customers able to pay for items anywhere in the store**
- **Burberry has embraced audio-visual technology for in-store theatre**
- **Game has used customer data to introduce innovative smartphone-scanning capabilities**

In-store technology has clear benefits for enhancing the customer experience but, for the retailer, the business case is proven through the sales density per square foot.

By deploying a seamless online–offline journey, the retailer can attract more customers to the store. Once in store, the use of self-service screens or RFID tags make it easier to find the right product, deliver enhanced customer service and improve the chances of making a sale.

And from the perspective of optimising floor space, in-aisle PoS technology frees up more of the store to display products or involve customers with in-store theatre, not to mention facilitating a faster customer flow through the shop.

APPLE
Fast checkout drives high turnover

RANKED 1

RETAIL TECHNOLOGY
Sales per square foot
£3,850

- **In-store kiosks or terminals**
- **In-store Wi-Fi**
- **Transactional tablets for staff in store**
- **In-store interactive touchscreen**

Apple, which topped our ranking of 30 retailers by sales density, has a high-priced offering, helping it to generate vast sales across a small square footage. However, Apple has realised that the use of in-store tech will result in higher sales densities by offering a sense of theatre and interaction. It has only expanded its network by 10 outlets since 2009/10, instead focusing on refreshing its existing 38 UK stores.

Without relying on newer stores, Apple's mature estate has continued to generate strong sales per square foot and supported conversion through technology.

In many ways, Apple has transformed the in-store experience, from implementing mobile points of sale (PoS) and digital receipts as early as 2005, to hosting communal events and workshops, and offering high levels of customer service and expertise through its Genius Bar.

The tech giant has had the capital to invest in experiences that offer a social draw to differentiate it from other electronics stores. This feeds into today's consumer demand for interactive and inspirational features that often characterise digital shopping journeys via social media.

An example is its revamped Regent Street flagship, which reopened in 2016. With daily learning events in its theatre space, dubbed The Forum, shoppers are lured in with its minimalist design and unique experiences such as photography, music and coding sessions, as well as product workshops.

In-store entertainment is also an important component of the flagship, with Apple's products and services displayed inside interactive themed windows, and Apple's experts for the creative industries are on hand to offer advice at displays.

For all of its sleek design and immersive attractions, convenience is still at the core of its offer. Apple has perfected the mobile checkout experience, with technology that enables customers to pay from anywhere in the store and removes the friction of having to find a till.

BURBERRY
In-store theatre helps sell premium products

RANKED 2

RETAIL TECHNOLOGY
Sales per square foot
£2,800

In-store Wi-Fi

Transactional tablets for staff in store

In-store interactive touchscreen

Innovation is central to Burberry's store proposition and its Regent Street flagship in London embodies this.

Here it has implemented immersive audio-visual experiences with nearly 500 speakers and 100 screens in store. RFID tags woven into selected apparel and accessories trigger content on display screens in store, and mirrors that double up as screens show runway footage and exclusive videos. Applications on the iPads carried by all store associates also provide details of customers' purchase history and preferences to enable a more tailored shopping experience.

In 2015, Burberry claimed this approach resulted in a 50% increase in repeat purchases.

The integration of digital features in store reflects the merger of the offline and online channels that is characterising retail more and more. Physical retailers are also adopting the inspiration-driven proposition touted by etailers such as Boohoo and Asos.

Taking inspirational content similar to what etailers push through social media and adapting it for physical stores has helped retailers create more immersive experiences, enhanced customer engagement and supported sales.

GAME
Online supports sales in store

RANKED 9

RETAIL TECHNOLOGY
Sales per square foot
£1,125

In-store kiosks or terminals

In-store Wi-Fi

Transactional tablets for staff in store

In-store interactive touchscreen

Making the user experience more aligned across physical and digital channels has formed a key part of Game's strategy. Like Burberry, it has invested in a store format that is more conducive to personalisation in a physical setting.

The retailer comes ninth in our ranking. It survived a tumultuous period of near collapse in 2012 and has gone on to recapture its market lead in the UK with group sales of £782.9m in 2016/2017. Firstly, it adapted its loyalty app for in-store purchases by developing an accolades system where users earn rewards in the app through specific achievements, like playing a video game.

Building on this, Game used customer data to introduce smartphone-scanning capabilities in store, which offered personalised prices related to the shopper's loyalty score in the app.

Furthermore, the Belong gaming arenas in its stores allow the retailer to track activity that feeds data into its personalisation strategy.

Like others towards the top of our ranking, Game has used technology in store that aligns with its brand and appeals to its key demographic.

Tesco is investing in scanning technology trials that will eventually enable shoppers to scan and pay via their smartphone

RANKED
11

CHAPTER THREE
WHAT TO INVEST IN NOW

- **Both luxury and high street retailers are investing in mobile checkout tech**
- **Click-and-collect services offer a seamless online and offline experience**
- **While automation can improve store efficiency, the human element remains important**

The ongoing merger of the physical and digital shopping experience is likely to shape the future of in-store technology. This is expected to increasingly focus on mobile as it becomes a dominant driver of sales. More and more, consumers are researching and comparing retailers through their smartphones before visiting a store and making a purchase. Using data effectively is key here.

Mobile PoS systems are also becoming ubiquitous as demand for a fast and convenient checkout intensifies. Ranking leader Apple has already perfected the mobile checkout experience.

Kurt Geiger is on top of this. The luxury footwear retailer already uses a mobile-enabled PoS system, incorporating iPads with integrated payment devices, alongside tills, which means store staff can process payments without transferring to a till.

In its latest round of innovation it is currently seeking to implement technology to identify customers through its app or in-store Wi-Fi to enable it to provide a more personal level of service and boost conversion rates in store.

Meanwhile, in an effort to attract spend from Chinese tourists, Selfridges was the first retailer to install Alipay terminals in store and plans are afoot to launch WeChat Pay too.

Office – ranked 16 with sales of £870 sq ft in 2016/17 – has also invested in mobile PoS technology, shortening queue times and freeing up staff to focus on merchandising and customer service.

Out-of-stock detection technology, which uses smart CCTV cameras to detect empty shelves and can identify missing items using the shelf label, can also be facilitated through mobile devices. Such technology allows store staff to provide a more frictionless shopping experience

for customers by sending them notifications as soon as empty shelves are detected.

This also supports a more robust customer service experience, as staff spend less time looking for unavailable stock and shoppers are not frustrated in store. Out-of-stock detection technology is expected to be more widely applied across sectors, from fashion to grocery, as consumers increasingly expect in-store journeys to reflect the ease of online.

Incorporating dynamic pricing

Following in Amazon's footsteps, more retailers could invest in electronic shelf labels that allow them to alter prices at certain times in response to demand.

This is one area grocers are particularly drawn to. Dynamic pricing models can support a more adaptable approach to sustaining demand without sacrificing profit and absorbing extra costs.

Intensifying competition and costs pressures among grocers should make this technology more enticing in the years to come. Tesco and Morrisons have already initiated small trials of dynamic pricing, but so far it has not caught on that quickly.

However, the technology has developed significantly since Tesco first trialled it. With traditional retailers continuing to look towards the likes of Amazon for innovation and inspiration, as well as a growing desire for flexibility in the product mix, electronic shelf labels could be primed to disrupt UK retail.
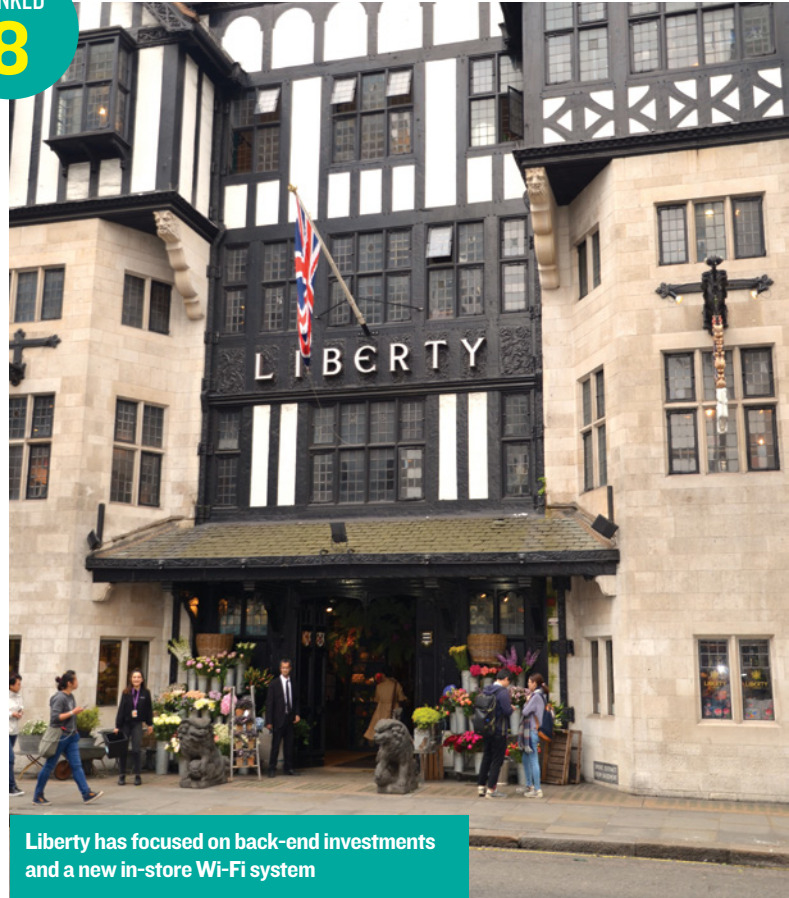
Tracking technology

Understanding in-store footfall in the same way as online traffic will be central to the survival of bricks-and-mortar retailers.

Video analytic software is also being employed by retailers to support personalisation, as well as preventing loss.

In an era of rising costs and uncertainty, theft prevention and stock visibility is becoming more important as margins tighten. With profit under threat, the ability to offer in-store experiences that differentiate a retailer's proposition also comes under threat.

By combining video analytics with facial recognition and stock data, retailers can improve their ability to target products at specific consumers. The technology lets them see what customers are interested in, enabling retailers to tailor services towards specific customers who are likely to buy additional items and higher priced products. This also allows staff to improve store layout, which will boost the potential to increase sales per square foot. However, retailers need to be careful with this type

RANKED 8

Liberty has focused on back-end investments and a new in-store Wi-Fi system

of technology after the implementation of GDPR. By integrating technology with CCTV – a more widely accepted application – retailers could alleviate privacy concerns and gain invaluable opportunities for personalisation, provided shoppers are aware that CCTV may be used for marketing purposes.

Some CCTV cameras have face-masking technology while still being able to detect theft and provide demographic analysis.

In conjunction with CCTV, facial recognition has been available for several years. However, through ongoing improvements and the fact that it is now more affordable, facial recognition can bring new opportunities for retailers.

The rise of automation

Staff are also likely to see significant changes to their roles to continue supporting productivity as the online channel threatens physical sales. The risk of job cuts as automation ramps up is rising, with the checkout-free Amazon Go store trial in the US seemingly inspiring others such as Tesco and the Co-op.

Tesco is currently trialling its Scan Pay Go app, which enables checkout-free shopping, but logistical challenges remain over how to ensure theft is preventable.

The Co-op already has pay-in-the-aisle technology available, while a Sainsbury's trial of a similar app began in 2017. This is just one example of how self-service is on the rise and how cash is no longer the preferred method of payment for many consumers, which is something all sectors will need to address in the future.
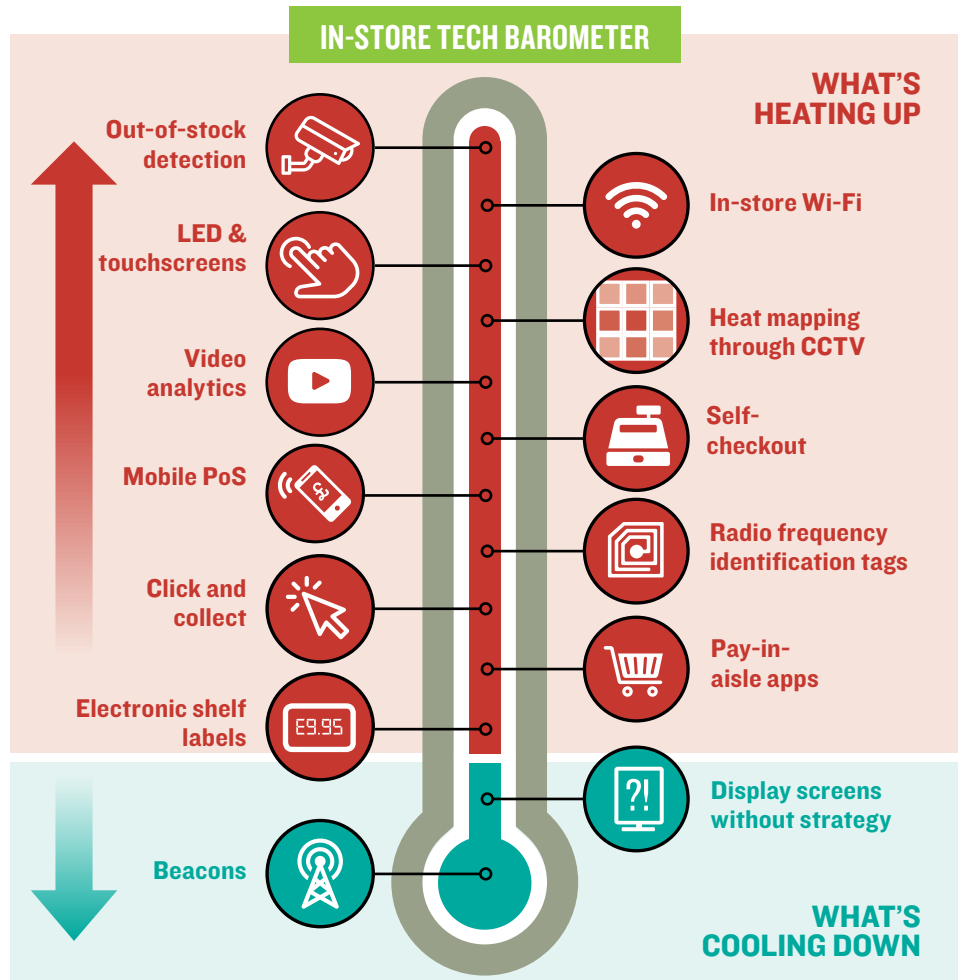
However, a human element is likely to remain central to the proposition of most stores. Even Apple, a technology giant in its own right, has focused heavily on humanising the in-store experience through workshops, its Genius Bar and a nature aesthetic, embedding this with the latest tech to counteract the anonymous and often mechanical online experience.

All change

The use of smart changing rooms among fashion retailers could be one solution to retaining footfall.

Integrating smart changing rooms into click-and-collect areas allows customers to try on their order in store and request a different size or style on the spot if it's not right. This is another practical advancement consumers seem eager for and could be used to enhance customer experience.

The challenge for retailers is to achieve the right balance between automated efficiency and maintaining a human element within their stores.

IN-STORE TECH BAROMETER

WHAT'S HEATING UP

Out-of-stock detection

LED & touchscreens

Video analytics

Mobile PoS

Click and collect

Electronic shelf labels

Beacons

In-store Wi-Fi

Heat mapping through CCTV

Self-checkout

Radio frequency identification tags

Pay-in-aisle apps

Display screens without strategy

WHAT'S COOLING DOWN

PROSPECT ANALYST VIEW

The focus for bricks-and-mortar retailers going forward should be on immersive and interactive experiences that help build a connection with customers.

Mobile is one channel to be further exploited, through more effective tech including push notifications, in-aisle payments and improved stock management visibility tools.

Click and collect through collaborations is also important to create a modern retail proposition that blends offline and online channels. Shoppers want a seamless multichannel journey and a robust fulfilment offer is key to this, but it can also generate improved dwell time and support additional sales.

Qualified staff with expertise that enhances the customer journey is another area where retailers need to focus their investment. The likes of Holland & Barrett, Selfridges and the Co-op have invested heavily in staff training to ensure customers receive the support they need, driving additional purchases and stimulating brand loyalty.
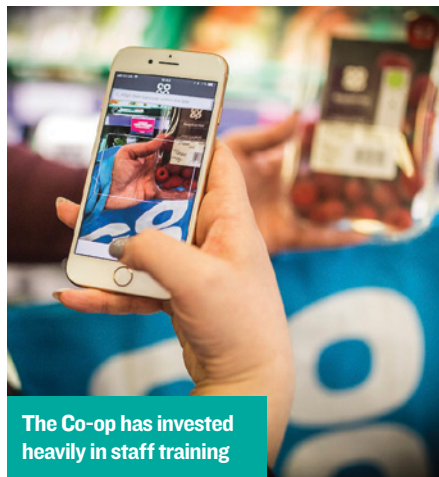
The Co-op has invested heavily in staff training

Furthermore, equipping them with the right tech has been proven to boost transactions, whether that is tablets used by Apple staff that streamline purchasing times and allow focus on other areas of service, or the Samsung smartwatches trialled by Dixons Carphone staff to check if items are in stock, making a significant improvement to productivity.

While many retailers have seen their sales per square foot come under pressure in recent years, the digital age presents opportunities to improve productivity significantly, whether through logistical efficiencies, improving convenience or creating a more desirable and theatrical customer experience.

Technological pioneers such as Apple and Burberry illustrate the importance of in-store technology to modern retail success but there are many initiatives that can be applied across sectors to bolster the customer experience and boost sales.

● *Retail Week Prospect is a live intelligence resource providing unique and exclusive access to the people, strategies and financial data of the UK's most innovative retailers.*

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