Retail Re-Imagined

ZEBRA SHOPPER STUDY

Mark Thomson
50B Connected IoT endpoints by 2020

6B unique mobile users by 2020

AI experiencing a 50% CAGR to reach $58B by 2021

59% of Amazon Prime users with an Echo device use it at least once a day
Perception Gaps

2019 Shopper Vision Study
Exploring shoppers’ and retailers’ divergent views of the in-store experience
The state of the industry
Retail has been disrupted. Online, in-store, click and collect…shoppers want it all

This year's study—which added retail associates and decision makers to the survey mix—reveals significant perception gaps throughout several areas of the shopping experience:

- In-store technology & experience
- Omnichannel fulfilment
- Returns or exchanges
In-store technology gap
Perception gaps exist between retailers, shoppers and associates within in-store technology

- **51%** Shoppers feel they are better connected than in-store associates
- **56%** Associates agree shoppers are better connected
- **83%** Of decision makers and
  - **74%** Of associates say tech-equipped sales associates would improve customer service
In-Store technology gap

In-Store is still in

- Over 80% sales still in store
- Shoppers indicate they want to shop in stores— but with more personalised service
- 41% say “Helpful sales assistants entice me to spend more time in a store”

But associates think assistive capabilities are limited

28% have difficulty helping shoppers find a desired item
26% do not have access to customer information
31% are knowledgeable about half or fewer of the products in their stores
In-Store technology gap

In-Store is still in

Shoppers and associates agree:

• 55% of shoppers said tech-equipped associates provide a better shopping experience

• 54% of associates said mobile device use improves the customer’s in-store experience

Upgrade connections; enhance the experience

Associates who are better connected to item and price information at the point of interaction could enhance the in-store experience
Rise of Lower Friction Stores
If every member of staff was connected....

And think of the data captured!
RAISING AWARENESS OF CHILD LABOUR AND GENDER EQUALITY

Traceability & Sustainability
Carrefour Food Traceability

Blockchain data delivers customer information
Delivery fulfilment expectations gap

Perception gaps exist between retailers, shoppers and associates within delivery and fulfilment expectations

34%  🛒🛒🛒🛒🛒🛒🛒🛒
Retailers offer to deliver an out-of-stock item for home delivery

62%  🚚🚚🚚🚚🚚🚚🚚🚚
Shoppers prefer to order out-of-stock items in store for home delivery
In response, more than half of decision makers (51%) said they currently offer free shipping and 28% said they plan to offer it in the next year.
“Amazon Effect” and Robotics Arm Race

Amazon's Escalating Logistics Costs
Amazon's fulfillment and shipping costs in total and as a percentage of net sales*

- In 2018, Amazon spent over $61B on fulfillment costs
- Some of that was on Automation
- Amazon saves as much as $22 million at each location where they operate robots and an estimate 26% vs. manual warehouses
- 3PLs are finding their clients demanding contracts with service levels and economics that mirror Amazon
- Amazon's wage hike to $15 per hour exacerbates labor issues and wage rates for competitors

As Amazon continues to increase its logistics spend (now at $61B), other retailers and logistics providers will need to adopt automation to keep up.
Shoppers aren’t nearly as satisfied with both their in-store and online returns experiences as retail decision makes and associates perceive them to be. Decision makers’ perception gap is larger than associates’.
New Models Come with New Challenges

Increasing Returns

• “Reverse logistics,” a fancy term for dealing with returned items, is the top new user of warehouse space in the United States, taking up to 700 million square feet nationally, according to CBRE.

• In 2017 in the US, the value of returned merchandise was $260 bn, this is increasing disproportionately as online adoption grows where 30% of items are returned (Bloomberg)
Macys Creates new Role of CSCO

Macys has rolled out multiple omnichannel strategies and is using RAIN RFID to track inventory and enable new store fulfilment models to increase inventory efficiency.
REDEFINING THE IN-STORE EXPERIENCE

Collection Point

Learning Space

Personalised Offers & Service

Picking Centre

Social Space

Shop how you want

Connected Customers: Connected Staff: Smarter Infrastructure
Smart POS including RFID

Collect & Returns Automation

Infrastructure based on product movement

Dwell time & hot spots monitored via light/BLE/u/sound etc

Smart shelving based on product movement

Interactive smart fitting rooms

Interactive smart mirrors

Identifiable products in back of store

Inbound products automatically received

Recognition on entry & thru store

Smart exits monitor unique items with RFID

In-aisle promotions & engagement

Collect & Returns Automation

Smart POS including RFID

Contactable staff throughout store

Interactive smart mirrors

In-aisle promotions & engagement

Recognition on entry & thru store

Smart POS including RFID

Collect & Returns Automation

Infrastructure based RFID to locate items

Dwell time & hot spots monitored via light/BLE/u/sound etc

Smart shelving based on product movement

Interactive smart fitting rooms

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Savanna Solution Vision – Sensor proliferation

- Sensor proliferation

**Intelligent Micro Services**
- e.g., MotionWorks Data, Zebra Device Locationing, Natural Language Interaction

**PARTNER & ZEBRA APPLICATION & VISUALIZATION LAYER**

**HYBRID CLOUD**
- Private and Public

**ANALYTICS**
- Device/On-premise Connectors
- Data Sharing, Access & Storage
- External Information Sources
- Legacy Systems of Record

**SOFTWARE DATA CAPTURE** (Fixed & Mobile)

**PRODUCT HARDWARE**

**MOBILE**

**EDGE**

**3rd Party Device/Sensors**

**SAVANNA**

**HYBRID CLOUD**

**VERTICAL DATA DRIVEN SOLUTIONS**

MotionWorks Enterprise
Solutions in Action

Retail

Continuous Location of people & assets
Inventory identification

Loss Prevention Events
Re-Stocking Required
Rules Engine triggers actions

Asset Protection
Inventory Replenishment
Business Analytics & Reporting

Infrastructure Assessment
Architecture & Design
Installation & Provisioning

RFID Design
Program Mgmt.
Software Integration

ZEBRA SMARTLENS™

ZEBRA SAVANNA

DATA

INTELLIGENT INSIGHTS AND ACTIONS

S/W APPLICATIONS

SERVICES
Augmented to Autonomous
Contextual, augmented & autonomous workflows enabled by edge data

User Augmentation
New Mobile Experiences & Augmented Interfaces

Guided Infrastructure
Smart Environment Coordination

Intelligent Automation
Automated Mobile Data Collection

Path to Frictionless Workflow
Zebra offers retail decision makers an entire ecosystem of solutions—hardware, software, supplies and services—that can empower associates to transform the in-store shopping experience and offer shoppers the personalised service of traditional brick-and-mortar retailing and the expanded choice of e-commerce.