

White Paper

Click and Mortar: The Interactive Retail Revolution

*How digital technologies are changing the face
of the in-store shopping experience*

EXECUTIVE SUMMARY

Although retail e-commerce sales continue to grow steadily, consumers aren't abandoning brick-and-mortar stores. More than half of U.S. consumers say they prefer in-store to online shopping, and physical stores still account for nearly 85 percent of global retail sales. At the same time, however, consumers have become much more comfortable with all types of online experiences. They have made it clear they expect some of the same conveniences when shopping in a store.

In fact, consumers now consider technology to be an essential element of the shopping experience. According to a study from the IBM Institute for Business Value and the National Retail Federation, consumers increasingly prefer a hybrid shopping style that combines in-store and online shopping with intuitive mobile applications.

"Consumers no longer see online and offline shopping as distinct experiences — they expect everything to be connected all the time," the report authors wrote. "Shopping must be fast and efficient some of the time, rich and experiential other times, and always easy and intuitive."

To meet those demands, today's stores are adopting a strategy known as interactive retail. The concept emphasizes the use of digital signage, mobile apps, virtual reality and other digital technologies that allow customers to explore, customize and interact with products in novel and entertaining ways.

This whitepaper will provide a closer look at the technologies that enable interactive retail, some of the innovative applications of those technologies and the benefits they can deliver to retailers and their customers.

TECHNOLOGY

Digital signage systems play a pivotal role in developing interactive retail experiences by injecting dynamic content, interactive elements and real-time information into the shopping experience. The latest high-definition displays support advanced technologies such as motion sensors, gesture recognition, haptics, voice interfaces and QR codes that allow users to interact with the display in a variety of ways. Interactive content such as videos, games, quizzes and product demos can draw customers in and keep them engaged for longer periods of time.

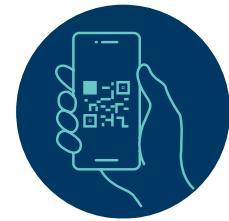
Other technologies that support interactive retail experiences include:

Augmented Reality (AR) and Virtual Reality (VR)

AR and VR technologies are extensively used in interactive retail. AR allows customers to virtually try on clothing, accessories and makeup so they can visualize how products look before making a purchase. Some AR apps enable customers to see detailed product information and visuals when they point their smartphones at product labels, images or barcodes. With VR, retailers can create immersive virtual showrooms that allow customers to explore and interact with products as if they were physically present. VR can also be used to design and visualize store layouts before physical construction, helping optimize the arrangement of products and creating a better shopping flow.

QR Codes and Near Field Communication (NFC) Tags

QR codes and NFC tags are both used to facilitate interactions between physical objects and digital devices. Both can store information such as URLs, text, social media links, images or videos. They can be placed on products or displays so customers can scan them with a smartphone to access additional information, customer reviews, discounts and more. NFC tags are also commonly used for contactless payments and other applications that require short-range wireless communication. QR codes are frequently used to help customers make quick phone calls to customer support services.



Mobile Applications

Personal shopping apps are particularly good at connecting the in-store and online worlds. When shopping in a physical store, customers can use the store's mobile app to access product specifications, online reviews and other online information to help them make informed purchasing decisions. Mobile apps also provide personalized product recommendations, loyalty programs, mobile payments, virtual catalogs and in-store navigation.

Beacon Technology

Beacon technology establishes communication between digital signage platforms and shoppers' mobile devices, enabling proximity marketing campaigns that target potential consumers with advertising content based on their current location. Beacons are small, wireless devices that repeatedly send Bluetooth signals to nearby smart devices, pushing advertisements, discounts or special offers to consumers' mobile devices when they are near a particular product or aisle. Data from these devices also allows retailers to understand traffic patterns to ensure the optimal placement of signs and displays to attract customers.

Chatbots and Virtual Assistants

AI-powered chatbots and virtual assistants provide instant customer support and guidance. Customers can ask questions and receive assistance without interacting with physical store staff. Recommendation engines integrated into chatbots can collect and analyze customer data such as browsing history and past purchases to generate customized product suggestions. If a store is out of a certain product, customers can also use chatbots to check availability at nearby stores.

USE CASES

Until recently, in-store marketing content tended toward generic messaging designed to appeal to wide and diverse audiences. In such a mass marketing approach, messages are simple to develop and easy to communicate. The idea is to cast a wide net and hope to land a few buyers. However, such messaging may only be relevant to a small segment of shoppers, producing unimpressive engagement and conversion rates.

Interactive retail offers far more personalization, fostering longer and more memorable interactions with products and brands. With the ability to create one-to-one connections with consumers, interactive retail creates a more relevant experience that guides customers to products and services that genuinely appeal to them.

Here are some of the ways retailers use interactive technology to connect with their customers:

Interactive Kiosks

Interactive kiosks provide customers with a digital interface to explore products before purchasing. For example, Nordstrom stores feature a kiosk known as the “Digital Denim Doctor.” The kiosk lets buyers enter information about their body shape, preferred fabric and other factors to produce a 360-degree visual of how a pair of jeans will look on the user’s body. Similarly, PPG Paints showrooms have a paint color kiosk that allows customers to virtually paint rooms to see how colors will look in their homes.



Search and Suggest

We’ve all had the experience of wandering up and down store aisles looking for a specific product. European shopping mall operator Klépierre simplifies the process for its customers with “The Inspiration Corridor.” The interactive booth uses facial and body recognition and purchase histories to make personalized fashion suggestions and locate those items in the store. Another emerging trend is the interactive walk-in closet. These are essentially fitting rooms equipped with touch screens and sensors that allow shoppers to virtually try on and add items to their shopping cart.

Smart Mirrors

Smart mirrors are another type of virtual try-on technology. These are two-way mirrors with integrated digital displays behind the glass. Some use augmented reality to overlay clothing, accessories or makeup on the user’s reflection, allowing them to visualize how products would look without physically trying them on. Other versions create a graphical avatar that represents the user.

Sensory Interactions

Product displays outfitted with embedded sensors enable a variety of unique customer interactions. “Lift-and-learn” sensors linked to certain products will play targeted content when one of those products is lifted from a shelf. Scent diffusers integrated with displays enable “olfactory marketing” campaigns that attract customers with enticing smells. For example, Abercrombie & Fitch has long used such displays to deliver whiffs of its trademark fragrances.

Simplified Shopping

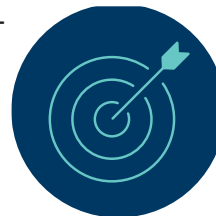
The athletic apparel company Nike has been particularly innovative in the use of mobile apps to link online and in-store experiences. In its New York, Shanghai and Paris flagship stores, customers can use the Nike app to scan codes on mannequins and browse every item the mannequin is displaying. Through the app, customers can then request a “store athlete” to deliver shoes or apparel in their size to a dressing room. Customers can also self-checkout through the app. That’s just one of several mobile apps Nike uses to serve its customers. Another one, the Nike Fit app, uses computer vision, machine learning and artificial intelligence to map customers’ feet using a 13-point measuring system.

BENEFITS

Interactive technologies can clearly enhance the customer experience in wildly inventive ways, but they also deliver numerous benefits for retailers. Here are a few of the important ways retailers can use digital tools to enhance their operations:

More Efficient Marketing

Interactive technologies allow for targeted and data-backed marketing efforts. Retailers can tailor promotions and campaigns to specific customer segments, leading to more efficient use of marketing resources. Digital signage is particularly important for increasing marketing efficiency and flexibility. Unlike traditional printed signage, digital displays can be easily modified, allowing retailers to change promotions, update product information, or even tailor content for different times of the day or specific customer segments. They also cut costs by reducing the need for printed posters and catalogs.



Data Collection Analytics

Retailers can use technology for increased insight into customer behaviors and preferences. For example, digital signage equipped with sensors and cameras can gather data on how customers interact with the content. Retailers can analyze which products or promotions attract the most attention, how long customers engage with specific displays and even demographic information. This data informs merchandising strategies and guides inventory management decisions.

Optimize Store Space

Interactive displays can help retailers efficiently utilize limited square footage. By consolidating a diverse range of product information, virtual catalogs and promotional content within a single interactive platform, these displays eliminate the need for excessive physical shelving and signage. This streamlined approach frees up valuable floor space, creating a more open, uncluttered and visually appealing store layout.

Inventory Management

Interactive displays and mobile apps can capture a wealth of data about customer interactions and purchases. This data helps retailers understand which products attract the most attention, enabling them to adjust inventory levels accordingly. A data-driven approach to inventory allows retailers to make decisions about which products to reorder and which to discontinue based on actual customer engagement rather than relying solely on historical sales data.

CONCLUSION

Interactive technologies are transforming the retail industry in ways that benefit both consumers and store operators. First and foremost, they enhance the customer experience by combining some of the best features of online shopping with the in-store experience. For retailers, these technologies may be key to the continued viability of brick-and-mortar shopping. However, incorporating interactive technologies into the retail environment can be complex. For that reason, most retailers should consider partnering with a provider with the expertise, resources and experience to ensure a smooth implementation.

About SageNet

SageNet is passionate about trusted connections. The company believes that by creating, discovering and nurturing trusted connections with its customers, associates and community, SageNet enhances the world that connects us all.

As a leader in managed network and digital experience solutions, SageNet connects, manages and protects technologies and devices across the enterprise. SageNet's collaborative approach provides peace of mind and systems-confidence that empowers an organization to focus on its core mission.

The company offers world-class service and support via its three US-based 24/7 Network Operations Centers (NOCs) and Security Operations Centers (SOCs), geographically-diverse teleports, a central National Logistics Center, multiple data centers, and a nationwide field service organization.

With a three-decade track record in managed services, SageNet boasts a long-term customer base that includes the nation's largest retail, convenience store, quick service restaurant, utilities and energy organizations. SageNet manages communications at more than 430,000 endpoints. Headquartered in Tulsa, SageNet has regional offices in Atlanta, Toronto and Washington D.C.