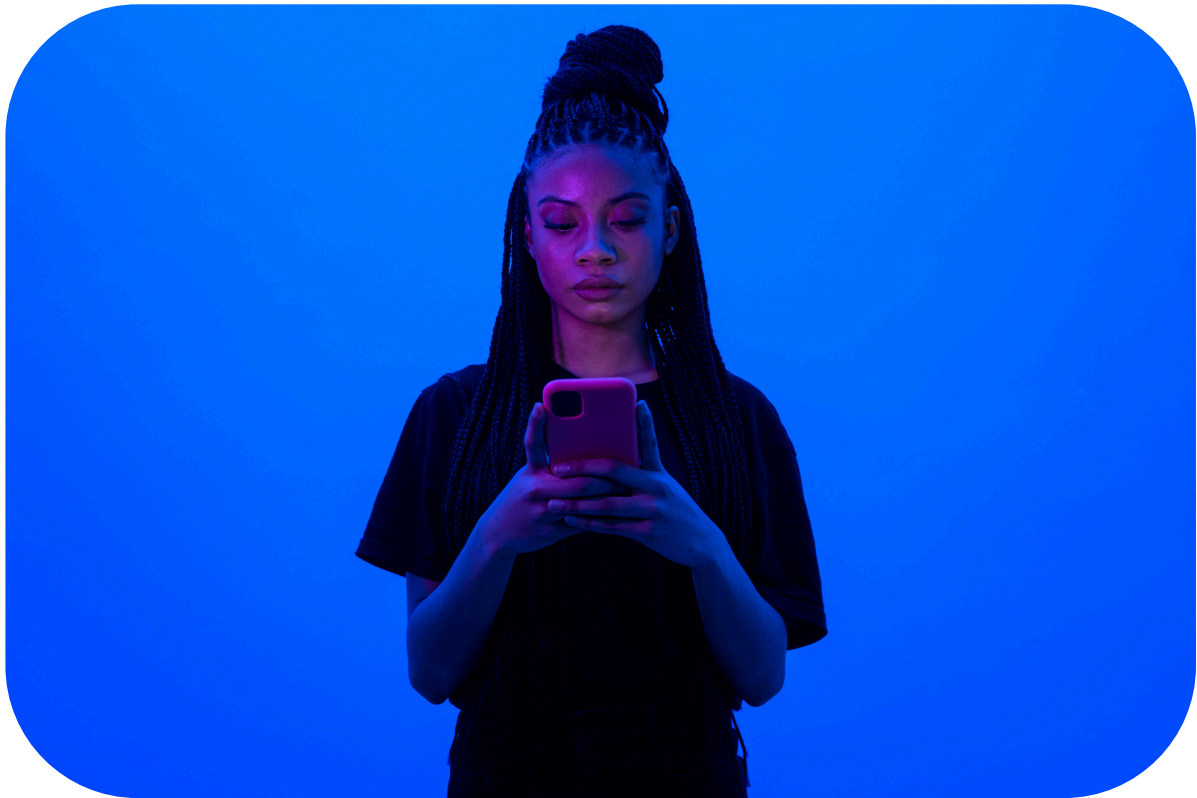


In-store digitisation: The secret to high street survival Guide

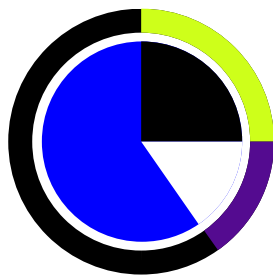




Recently there has been cautious optimism on high streets around the world. Footfall is slowly creeping up and retailers are looking for ways to make physical stores more attractive to consumers now accustomed to the convenience of online shopping. Kamran Hedjri, CEO of PXP, looks at how physical stores can maintain a foothold in an increasingly digital world.

The pandemic hit high street shopping significantly

The COVID-19 pandemic saw high street footfall drop dramatically after March 2020. French-based footfall analysis company Mytraffic and commercial property agency Cushman & Wakefield found that from March 2020 to March 2021, major shopping locations across Europe - including London's Oxford Street, the Champs-Élysées in Paris and Kurfürstendamm in Berlin - all suffered significant reductions in both domestic and international customer footfall.



25 - 40%

% share that ecommerce will reach of total retail sales after the pandemic

So how can bricks-and-mortar stores lure shoppers back over their thresholds?

*report by the Retail Industry Leaders Association in collaboration with McKinsey

Creating a new in-store experience

The buzzword here is ‘personalisation’

Consumers only have to login to any online shopping account to be presented with a range of recommendations based on their personal preferences and previous purchases. In essence, they expect retailers to know what they want before they do, and will want to see this functionality replicated in-store. Blanket recommendations will lead to lost loyalty and revenue.

Fortunately, the technology exists to help retailers create highly personalised customer experiences that will not only meet new consumer expectations, but set them apart from their competitors. Hyper personalisation uses a combination of insights from user behaviours and artificial intelligence (AI) to interpret real-time and historical data about an individual. It can help optimise messaging to ensure it is highly relevant to the customer, and allows for customer profiles to be adjusted in real time, as AI algorithms can re-adjust behavioural data based on each new interaction.

Best practice from Target



AI technology to track customers

An example of this in practice comes from Target, which used AI to detect when customers were about to become new parents and therefore offer essential parenting items.

The technology could predict when someone was pregnant by analysing common purchases made shortly before they opened a baby registry.

The technology was not only able to predict pregnancy, it could pinpoint which trimester the customer was in. For example, a purchase of unscented lotion could indicate the woman was at the start of her second trimester. Target used this data to personalise messaging and create relevant offers. Target also sent coupons for the most commonly purchased products to pregnant customers, helping cement brand loyalty.

So, what can shoppers expect to see on their hi-tech high street?

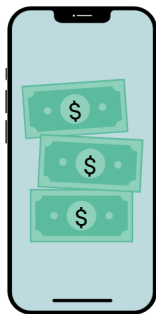
Some retailers have also started using GPS-based geofencing technology to target customers. It allows them to define a range around their location, so when a customer comes close to that defined location, they will automatically receive a notification. This message might include news of a sale, or offers on products they might be interested in.

When executed well, these technologies give brands a point of differentiation and a competitive advantage, and when the data collected is used responsibly, retailers can create a seamless shopping experience. But consistency is key; it is important that regardless of the channel used by the consumer, the shopping experience remains the same.

Inevitably, the adoption of new technologies will transform the look and feel of bricks-and-mortar stores.

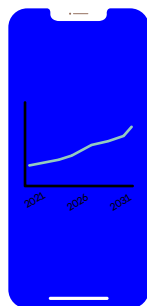
The store of the future

The most obvious difference will potentially be the absence of a traditional till. Point of Sale (POS) will no longer be a stationary counter, but wherever sales staff can interact with customers most effectively and safely.



293.1b \$

expected global Mobile Point-of-Sale (mPOS) market by 2031



5.99 % CAGR*

*Compound Annual Growth Rate growing during the forecast period from 2021 to 2031



1,490.5m users


of mPOS payments worldwide as of 2021, all benefitting from the speed and convenience it offers

Self-service and checkout-free stores will be the future

There will also be a rise in self-service and checkout-free stores. These are a relatively new concept in many European countries, but well established in other parts of the world, including China and South Korea.



In Norway and Sweden, some small rural stores are operating with no staff at all, with customers able to unlock stores doors with their smartphones. More retailers are likely to embrace this technology as it addresses shoppers' number one pain point – queuing.



Less checkout space means more floor space for merchandising, which will appeal to many retailers. Others, however, will opt not to display much merchandise at all in a bid to further personalise their in-store experience. Instead of browsing rails and shelves, shoppers will be able to pre-book an appointment in-store with a personal shopper who will present a pre-prepared or pre-paid selection of items. Because this approach calls for more backroom storage space, it will still benefit from the space created by removing fixed POS stations.

Of course, technology cannot completely replace the human interaction that makes in-store shopping unique. But in future, sales assistants will be able to use technology to improve the customer experience. Assisted selling mobile devices will enable sales associates to bridge the gap between physical and online intelligence to provide a unique, omni-channel experience.

Staff will have instant access to essential product details to answer customer queries on the spot, but even more importantly, they will have customer preferences at their fingertips. This means having the ability to make tailored recommendations, create upselling opportunities and increase customer satisfaction and loyalty.

New ways to pay

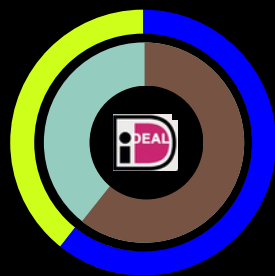
As we emerge from the pandemic, and in a bid to meet new consumer expectations, retailers will also have to recognise the importance of accepting a wider range of alternative payment methods (APMs) to meet new customer expectations not only online but in store too.

APMs are growing in popularity and in many countries are already the de facto way to pay online.



57 %

of German shoppers prefer to use PayPal when shopping online



70 %

of Dutch consumers make on- line purchases with the local bank transfer payment, iDEAL

In physical stores, consumers will expect the option not just to pay by card, but with a tap of their smart-phones.

QR code payments

For this reason, QR code payments, (in which consumers scan a QR code displayed by the merchant with their smartphone to pay for their goods), may see a rise in popularity. Not only is it an incredibly secure card-not-present payment method, because all information is encrypted and no customer details are stored on file, but it works on and offline.

Venmo is a U.S.-based digital wallet service owned by PayPal

According to a February 2022 survey of online payment users in the United States 32% of respondents had used Venmo in the past 12 months.

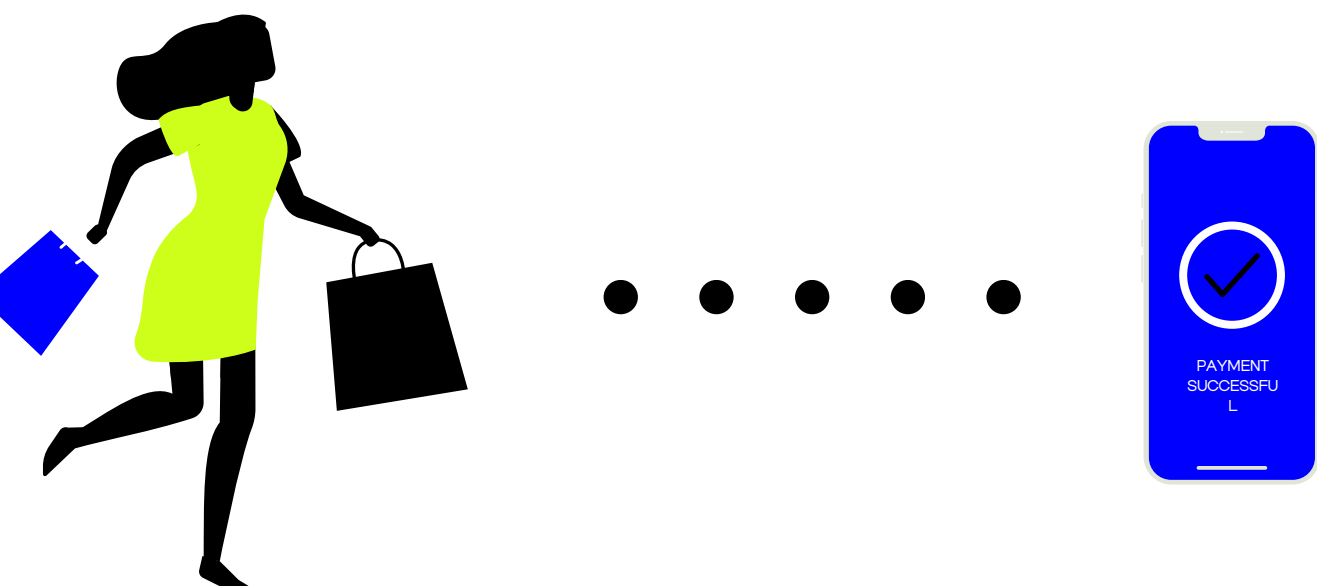
After installing the Venmo app and linking their Venmo accounts to their credit card, debit card, or bank accounts, Venmo users can instantly exchange funds among one another, with Venmo functioning as a virtual intermediary. This peer-to-peer (P2P) payment app allows individuals to instantly exchange funds among one another, and is one of a number of enterprises capitalizing on the growing P2P economy.



P2P is a simple way for retailers to accept a new way to pay. It puts the technology in the hands of the consumers who have the app, have tied it to their bank account, and learned how to use it. All retailers have to do is let them pay with it.

Buy Now Pay Later (BNPL)

BNPL is also set to play an increasingly important role in retail as consumers move away from credit cards and look for more flexible payment options in store. In recent years the retail industry has seen companies such as Affirm, Afterpay, Klarna and Sezzle grow in popularity, and the growth of BNPL hit record-breaking levels. In 2021 Cornerstone Advisors predicted consumers would make nearly \$100 billion in retail purchases using BNPL.



The opportunities of open banking service

Finally, open banking will extend its reach to retail. As yet, retailers have not fully appreciated the implications of open banking for their sector, but this will soon change as payment service providers are already preparing commercial solutions, and merchants will soon be able to take advantage of the new SEPA credit transfers (SCT) which supports instant payments.

By using immediate payments rather than traditional card payments, retailers will not only receive their funds faster, but the processing fees are expected to be less than a card payment. Both online and bricks and mortar retailers, will benefit from these features.

Let's get phygital

Many traditional retailers are actively embracing the idea of connected commerce.

Abercrombie & Fitch, for example, is investing in the 'phygital' concept by focusing on a seamless digital checkout experience for customers. It is among a growing number of retailers who recognise that to compete with their online counterparts, stores must become more experiential, and innovation must be used to reinvigorate traditional customer service.

All this can be facilitated with payments technology.



