

The Future of Retail

THE STUDY ON THE FUTURE OF THE RETAIL SECTOR 2022



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UMDASCH
SHOPFITTING



We digitalize

your store.

Umdasch – The Store Makers

WHO WE ARE

As digital pioneers with a heritage of craftsmanship and a personal approach, we make successful stores.

WHAT WE DO

With a broad line-up and cross-sector expertise, we execute a diverse range of projects of all sizes and degrees of complexity every year. We advise, plan and execute projects with commitment and passion. We work for global brands and local market leaders. We create pop-up stores which are only open for a few days, and customer presentations which will stand the test of time over more than 50 years.

We create successful store solutions with six unique areas of service which can also be made use of individually: Consulting & Value Engineering, Project Management, General Contracting, Shop Equipment, Shop Academy and Digital Retail.

WE DIGITALIZE YOUR STORE.

New opportunities for cross channel presentation arise with the interaction between analogue and digital worlds. Our digital retail pioneers implement this with a profound understanding of technical possibilities and meaningful applications. Whether you require Digital Signage, Electronic Shelf Labelling, Interactive Applications or Smart Tracking.

FACTS

HISTORY	60 years as partner of the retail sector; 150 years of corporate history
EMPLOYEES	Over 1,300 competent and committed employees
LOGISTICS	Worldwide sales and logistics network
INNOVATION	Pioneer in Digital Retail
EXPERTISE	Six unique areas of expertise which can be used individually in 20 sector areas
DIVISIONS	Lifestyle Retail, Food Retail, Premium Retail and Digital Retail

The Study

EXECUTIVE SUMMARY

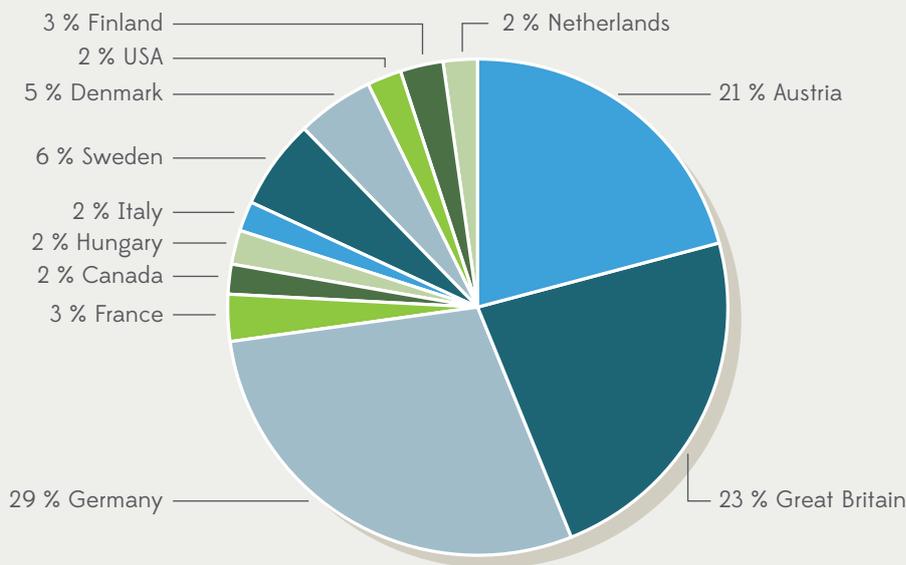
The future of bricks-and-mortar retailing 2022

What do consumers want from bricks-and-mortar stores? Which ideas and visions do retailers believe offer the best chances of success? In order to be able to answer these questions and set new standards, Umdasch Shopfitting and the Vienna-based Open Innovation consultant winnovation carried out a study on the subject of "The future of bricks-and-mortar retailing 2022".

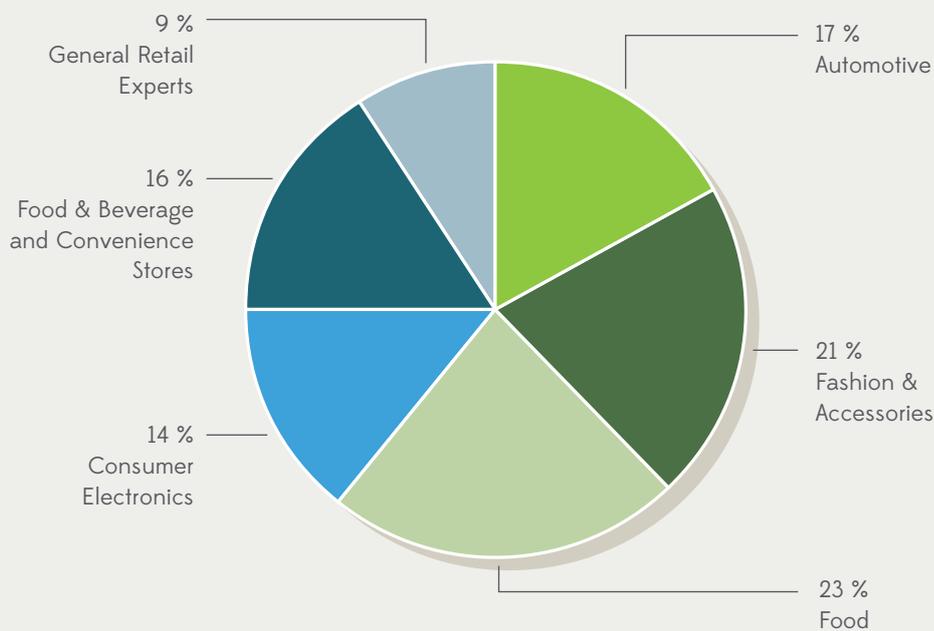
The study took place between May and August 2017. The aim was to carry out research into the relevant market requirements of bricks-and-mortar retailing until 2022.

The focus of the study lay on the identification of needs which are currently not being met, and/or trends which are present with regard to the operation, design and use of bricks-and-mortar retail outlets – from the point of view of the shop operators, professional experts and consumers.





Origins of the interview partners



Sectors of the interview partners

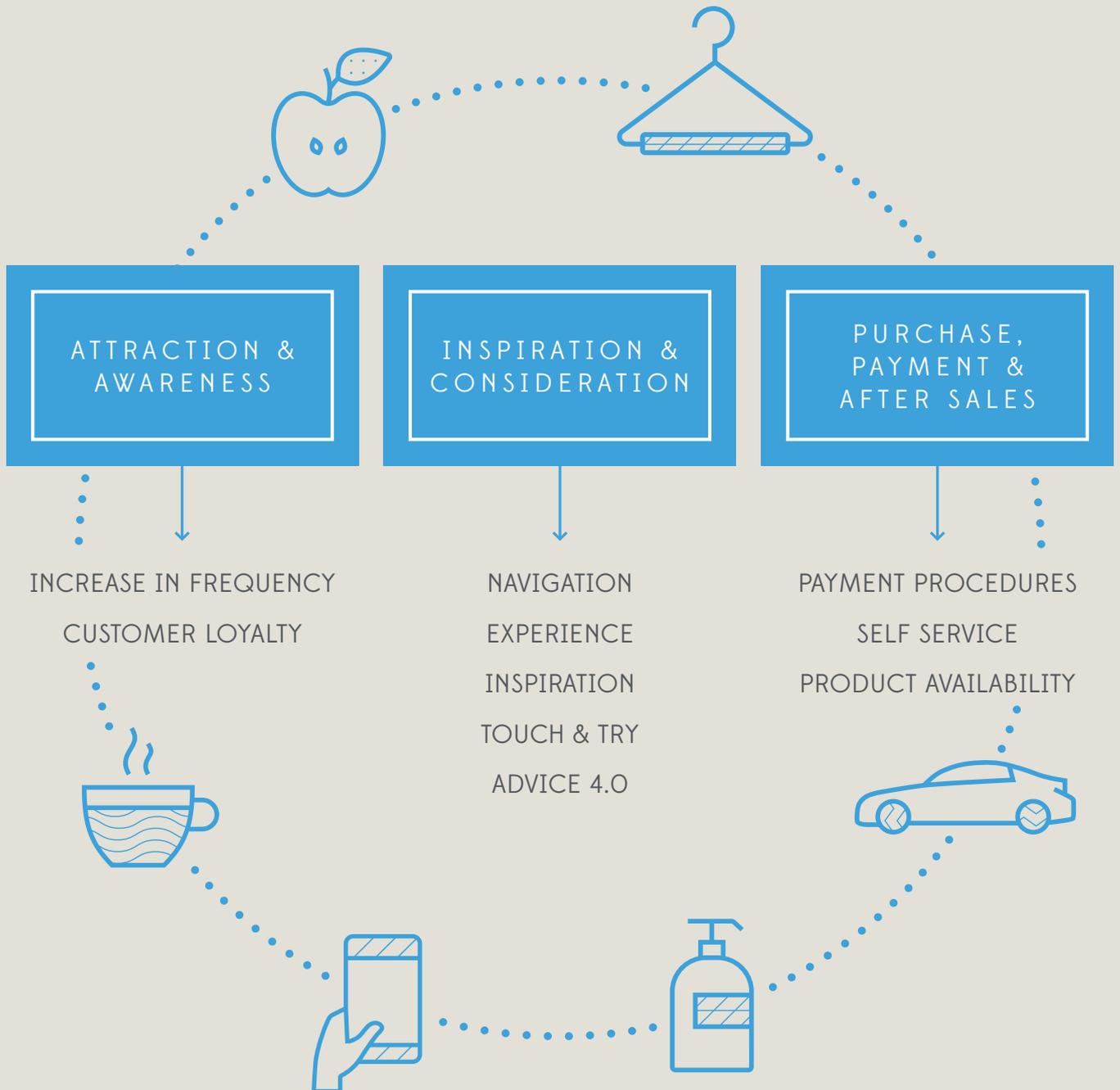
More than 400 retailers, retail experts and consumers from some ten European countries and North America were included in the study. The interviews were carried out in the sectors Food, Fashion & Accessories, Consumer Electronics, Food & Beverage and Convenience Stores as well as Automotive. 250 relevant secondary data were also encoded and consolidated.

It was shown that bricks-and-mortar retail stores will undergo fundamental changes in order to become omni-channel service providers. In particular the gathering, systematic analysis and prudent use of data will gain considerably in importance in this context, both strategically and operatively.

The study produced three clusters in its results, demonstrating a total of ten market requirements:

- 1. Attraction & Awareness**
- 2. Inspiration & Consideration**
- 3. Purchase, Payment & After Sales**

A Survey of Market Requirements





THE FUTURE OF
RETAIL - WE HAVE
IT IN FOCUS

THE FUTURE OF RETAIL - CHANGES STATIONARY RETAILERS ARE FACING ACCORDING TO THE UMDASCH SURVEY

- SALES AREA** The average store size is shrinking.
- STORES** The number of stores in the outskirts of cities and in rural areas is falling massively.
- OMNI-CHANNEL** All channels – both digital and analogue – must be cultivated equally. The consumer no longer distinguishes between sales channels.
- BIG DATA** Stationary retail now has to learn what the Internet has long been practising: customer-specific advertising with added value for each individual consumer.
- BRAND MESSAGE** Real shops will become brand ambassadors in the virtually driven world.

The Results

ATTRACTION & AWARENESS



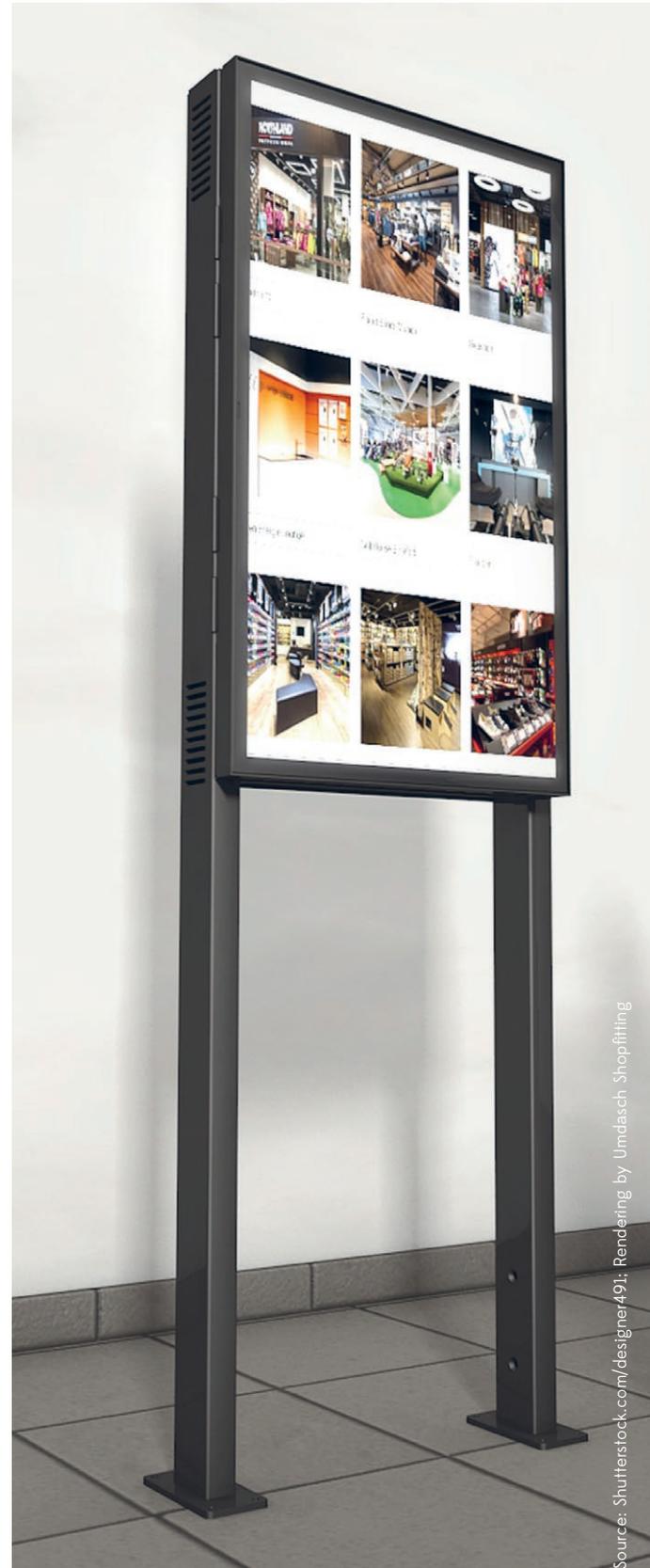
NEED 1
INCREASE IN FREQUENCY

The decisive question for retailers sounds easy: How can I reach more consumers with my attractive offers? In which way should I address the anonymous masses so that my store will be seen as attractive and customers will enter? The retailers interviewed are certain on the one hand that the shop window and the portal are the first point of contact. At the same time they assume that unusual solutions will replace the classic decoration. Digital technologies like LED walls or outdoor steles could provide an answer.

“To attract people on the street you have to create a ‘meaningful’ shop window. With new technologies you can make the shop window ‘alive’, even when the shop is closed. The shop window is a 24/7 communication channel.”

Food Retailer, Schweden

With the outdoor stele by Umdasch you can provide your target group with initial information in a creative manner





NEED 2 CUSTOMER LOYALTY

It's all about data. Customer data are a sensitive commodity and form the important basis for all actions. The study provides evidence that consumers are prepared to supply their personal data if certain prerequisites are fulfilled. These include personalised offers, additional services adapted to suit the purchasing behaviour and much more. Similar to those which customers have long been accustomed to receive from internet shopping.

“With loyalty cards retailers already have so many data, but they do not make meaningful use out of it. Retailers have to use the data/the consumer profiles beforehand to create very customized offerings. That will really pull the consumers into the shops.”

Retail-Experte, Großbritannien

INSPIRATION & CONSIDERATION

NEED 3 NAVIGATION

Intuitive and rapid navigation to the required product range or product – that is a requirement which consumers and retail advisers in particular state. Clear, flexible and above all intuitive navigation solutions represent the future. Many of the people questioned, on the other hand, find frequent rearrangement in stores to be a counter-productive stress factor.

EXAMPLES OF APPLICATIONS: NEED 3

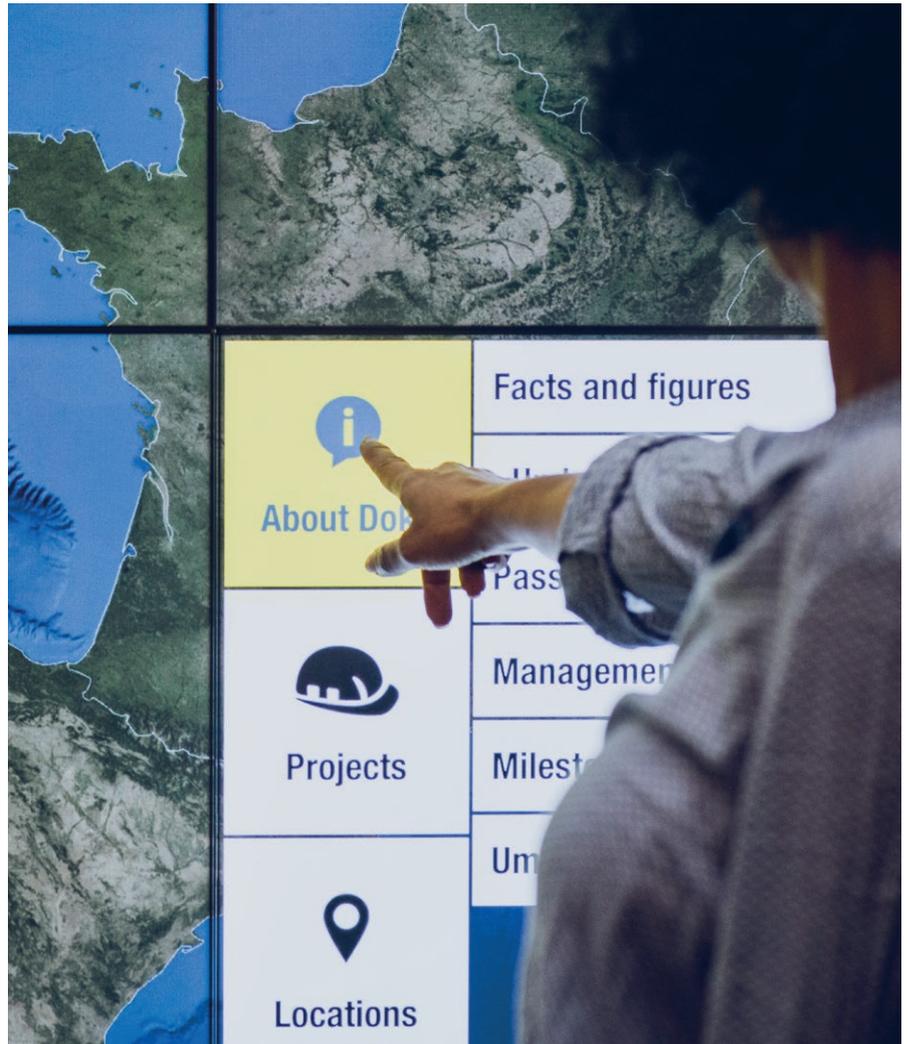
1. In the United States the electronics retailer **Lowe's** is testing “3D Wayfinding”, an in-shop navigation app, which aims to make the finding of products an experience with the assistance of Augmented Reality.
2. **Macy's (USA)** offers a virtual, self-learning shopping assistant. For example, customers can quickly and easily find information about the product location by means of a mobile webtool.



Augmented Reality can create incentives during purchase and also offer a new experience.

NEED 4 EXPERIENCE

Buying was yesterday. Today the task of stores is to provide entertainment, interaction and experience. Many consumers see no particular added value in purchasing via bricks-and-mortar retailing and therefore frequently change over to more convenient alternatives, like for example online shopping and delivery services. Bricks-and-mortar shops must create the exact opposite of anonymous but very convenient internet shopping. Digital solutions using Augmented Reality technology can provide incentives here which will prompt a purchase or create opportunities to facilitate interaction during shopping, as well as providing entertainment.



NEED 5 INSPIRATION

Inspiration is what defines bricks-and-mortar retailing. Additional purchases or cross-selling and upselling represent an opportunity, but also a challenge for the retailer which is currently not being made sufficient use of. Consumers would like to receive exciting complementary product offers. Digital technologies such as virtual shopping walls can produce an additional source of inspiration. A further advantage for the retailer. The virtual product range helps to reduce sales and storage areas but also inspires the customer by complementing products from the online shop with articles from the bricks-and-mortar retail sector.

The viPOS (virtual Point of Sale) by Umdasch makes it possible: a haptic experience fuses the possibilities of digital product information and online functionality.

NEED 6 TOUCH & TRY

Shopping with all the senses. Consumers want to become involved with products; they want to experience them, touch them and grasp them in the true sense of the word. The conscious experience is the central strength of the classic shopping business. Trying out and trying on fashion and shoes, smelling and tasting in the case of food. This facilitates the final decision in favour of – or against – purchasing a product. The advantage of the analogue world lies in the sensory experience

“I like to feel the product. In addition I can also compare with other products much easier than online. If I have 3 different items that I want to compare, I can easily take all of them in my hand and compare, this I would never be able to do online with just some textual description. I can check the colours, reaction times, screen resolution, so basically I can try them and compare them.”

User, Großbritannien



EXAMPLES OF APPLICATIONS: NEED 6

In the Audi City in Berlin, the individual needs of the customer are recorded via tablet and integrated into “Virtual Reality Rooms”, where consumers can experience their individualised vehicle by means of Augmented Reality and glasses (changing backgrounds convey a realistic driving experience, the smell of leather is simulated, etc.).



NEED 7 ADVICE 4.0

It is the personal component which continues to attract consumers to bricks-and-mortar shops. They regard the personal advice provided as a unique selling point. Two-thirds of the retailers who were questioned see it that way too. At the same time, nowadays there is often a shortage of competent on-demand advice, while a high degree of preliminary information on the part of consumers has already become standard. Digital support – from the tablet via customer recognition of registered users when entering the shop to the virtual request for customer advice – can upgrade the services of staff in the store.

Digital signage has now also been introduced at McDonald's in Prague. Here customers can place their orders by means of interactive displays, then pay for them and collect them at the desk.



PURCHASE,
PAYMENT & AFTER SALES



NEED 8
PAYMENT PROCEDURES

One of the biggest annoyance factors in the shopping process is waiting times at the checkout. Self-checkout solutions which have frequently been tested shift the problem from the retailer to the consumer. Customers expect other solutions which are easy for them to use. In an ideal situation the payment procedure in future will be largely cashless and automated.

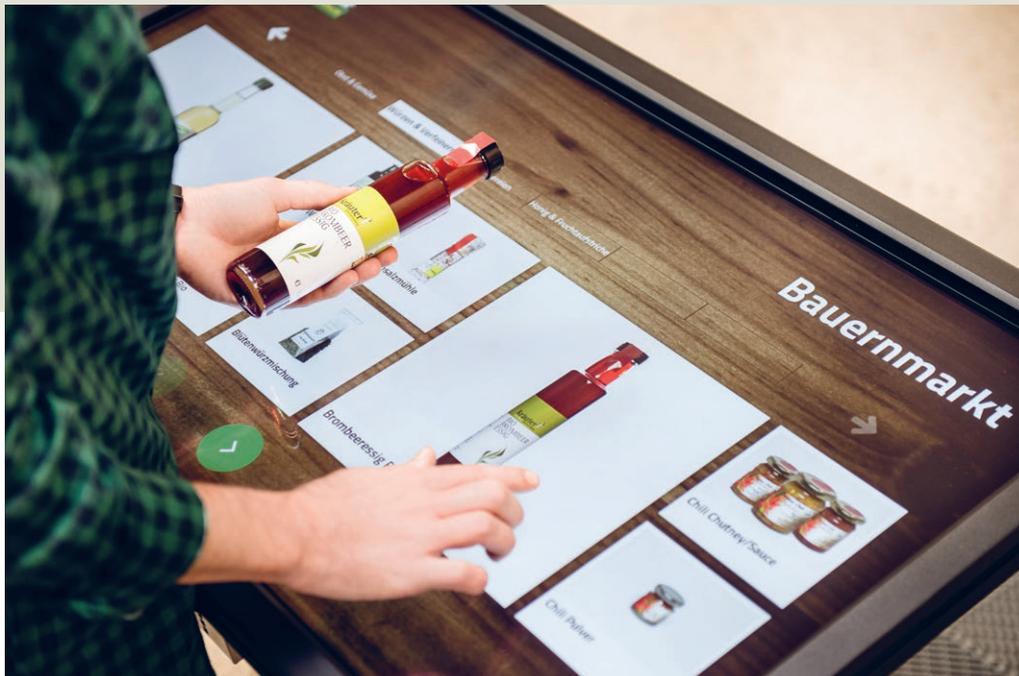
EXAMPLES OF APPLICATIONS: NEED 8

Rebecca Minkoff in New York provides a completely new self-checkout experience via "QueueHop": customers can pay for the products they have selected via RFID either directly with their smartphone or at a self-checkout kiosk. The safety label will be unlocked so that it can be removed once payment has successfully been made



NEED 9 SELF SERVICES

For many consumers, time is in short supply. The daily shopping must therefore be completed quickly and easily. The challenge is to make these purchases more efficient by means of optimised ordering, collection, returns and exchange procedures. Click-and-Collect solutions and smart Self-Ordering offers were accepted favourably by both consumers and retailers.



NEED 10 PRODUCT AVAILABILITY

“With the help of technology I can extend my shop area beyond the store itself, so to speak. I no longer have to keep multiple examples of an article available on the premises in my shop.”

Retail expert, Germany

Last but not least, product availability is frequently a negative factor in bricks-and-mortar stores. The calling up of information about current stocks in real time – for both consumers and sales staff – plays an important role here. Together with a delivery service for products not available at the time.

THE STUDY – CONCLUSIONS

The ten market requirements identified by the study were arranged along the Customer Journey. They are the requirements of retailers and/or consumers which are currently either not solved or insufficiently solved.

The results of the study clearly show that many setting levers are necessary for the Point of Attraction. The changes are weighted differently in each case by retailers, consumers and the experts we questioned. They all agreed, however, on at least two points:

The in-store experience must change and so must the processes and structures behind it. The finding and implementing of innovative, future-oriented solutions for the market requirements listed with regard to digitalisation in the case of bricks-and-mortar stores are therefore highly relevant for retailers. They are, however, no substitute for the core competence.

winnovation
winning by innovation

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