

Chasing Amazon: The store of the future is already here as retailers up their tech game

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Robots roaming the aisles. Windows that allow you to tap and shop while the store is closed.

You don't have to wait on the [store](#) of the future. In many ways, it's already here.

Retailers ramped up the tech this holiday season, offering mobile checkout and apps that pinpoint the exact spot to find the toy you were looking for. But the bells and whistles are more than a seasonal perk.

From holograms that greet shoppers at the door to a robot that alerts workers when products are running low, technology has become a prime battleground in the fierce fight to woo shoppers year round.

"How do you create a [shopping experience](#) in store that Amazon created as a precedent online?" says Justine Santa Cruz, senior vice president of retail and enterprise at Satisfi Labs, a software technology company.

"Now every consumer expects a certain type of ease when they're shopping, so I think retailers are implementing [new technology](#) to be able to remove any and all sort of friction from the shopping experience."

Home Depot customers can type an item into the store app and call up a map that leads them to where they can find the light fixture or cabinet they need.

Retailer Fred Segal partnered with Mastercard in April to enable customers visiting its West Hollywood flagship to shop for clothing by tapping the storefront window. To pay, they could tap out their phone number on the glass to receive a text containing a payment link.

Meanwhile, in November, Nike debuted its new flagship store dubbed Nike NYC. There, customers can scan the QR code on a mannequin with an app to find out the various sizes and colors the outfit comes in. And with another click, they can have the top or jacket taken to a dressing room or brought right to them.

Satisfi provides retailers with technology that enables shoppers to get answers, or even make a complaint, through a variety of platforms, from "a mobile website that the customer opens on a mobile device," says Santa Cruz to "an SMS number that they text."

Shoppers at some stores and malls can also get the information they need from a robot named "Pepper." And the Mall of America has enlisted a hologram named Ellie the Elf as a virtual greeter.

Pepper's not the only robot on the retail scene. Tally, created by Simbe Robotics, is in 10 Schnuck grocery stores, and the chain will have more than 15 by next spring.

Tally is dispatched three times a day to check shelves, alerting store employees if a product needs to be replenished and also making sure items are properly tagged and priced.

"The immediate customer benefit ... is the item is on the shelf," says Dave Steck, Schnuck Markets vice president of IT infrastructure and application development. "Accuracy is a big part of it as well. That does drive customer satisfaction, (seeing) that the price that they see on the shelf is the price that they're charged."

Grocers will continue to try out new concepts Steck says.

There are "going to be innovations all along the chain in the supermarket industry, and some of them are going to stick and some of them aren't," he says. But he believes that Tally gives Schnucks a leg up.

"There's not too many stores that can say they've got a robot in there," he says. "That's definitely a big part of the store of the future. All the data that (Tally is) collecting is going to give us more capability than the traditional grocer that doesn't have a robot."

AMAZON TO CONTINUE BEING A GAME CHANGER

Amazon.com can lay claim to having done more in the past two decades to elevate e-commerce—and by extension disrupt physical retail—than any other company. Now, with the launch of its Amazon Go store of the future last January, Amazon's impact on brick-and-mortar retail may be even more direct.

The core of the Amazon Go experience is simple: no lines or checkout required. Instead, customers enter the store and scan the Amazon Go app they've downloaded on their iPhone or Android handset, and from then on, they're good to go even if the battery on the device dies.

Amazon says the Just Walk Out technology used in Amazon Go stores is similar to the technology found in self-driving cars: incorporating computer vision, sensors and "deep learning."

When a product is lifted off a store shelf, it is automatically added to a virtual cart. Put it back, and it's removed. When customers are finished shopping, they can just walk out of the store with their items. Their Amazon account is charged automatically, and Amazon will send a receipt later.

Though a key point is to be able to avoid long check out lines, there are still Amazon employees in the store, should shoppers need any kind of help.

There are questions about whether the concept can work in stores that sell bigger ticket items than the bread, milk and other meal and snack options that are found in the Go stores.

"It doesn't necessarily work in every retail segment," says Mark Bunney, director of go-to-market strategy at Ingenico, a company that helps merchants with payments solutions. "I think it's going to be an evolution for retailers, and you're not going to see it overnight change from the current format."

For now, Amazon has opened four stores in its Seattle backyard, including a small freestanding one with restricted access inside a Macy's. Three more Amazon Go stores have opened in Chicago and one in San Francisco, with more planned in those cities, and elsewhere. Bloomberg has reported, citing unnamed sources, that Amazon is considering opening as many as 3,000 Amazon Go stores by the end of 2021.

Gap Inc. has also rolled out the tech. It's placed price checkers primarily in its Old Navy stores so shoppers can scan an item's barcode to find out the cost. And when a product is dwindling on the shelves, employees at Gap, Banana Republic, Athleta and, increasingly, Old Navy stores receive alerts on their mobile devices through an app.

Previously, 40 percent of the time items believed to be out of stock were actually still available in the back of the store, the company says. Thanks to the app's ability to better track inventory, the out-of-stock rate has fallen to 1 percent.

"To make a trip to the store, there needs to be a reason beyond what you

can experience just sitting on your couch," says Sebastian Di Grande, Gap Inc.'s executive vice president of strategy and chief customer officer. "It's not just technology for technology's sake There's a tremendous amount of opportunity for us ... so we've been addressing and exploiting that opportunity as much as we possibly can and as quickly as we possibly can."

THE FUTURE

Industry observers and players agree that there is much more change to come.

"I think we are in the beginning stages," says Santa Cruz, noting that tech innovations are often tested in just a handful of markets or locations.

"For technologists like us and also retailers to be able to learn the most from what customers want, it has to be rolled out at scale."

But the more shoppers get used to experiences like paying for purchases with their mobile phones, she says, the bigger the push will likely be for more tech innovations.

By the end of this year, 60 percent of all retail locations in the U.S. will support Apple Pay, Apple says. Some of the newest chains to accept it are Costco and Neiman Marcus where shoppers can now use Apple Pay at more than 40 stores.

The growing number of online retailers opening up physical storefronts should also usher in new concepts.

"I think that will elevate the entire retail landscape," Santa Cruz says. "I think in the next two years we'll see a lot of retail change."

Among the concepts on the horizon: more use of virtual and augmented

reality.

Mastercard has worked with Saks Fifth Ave. on a prototype in which customers can stroll around a store wearing smart glasses and digitally dress a mannequin with items they see and like. If they decide to buy, their identity is verified with a scan of the iris. Then they make their purchase through Masterpass, Mastercard's digital payment service.

"It's about finding the right experience," says Stephane Wyper, Mastercard's senior vice president for new commerce partnerships and commercialization. "I think we're going to see more demand and adoption in the next year or so in the augmented reality" space.

Retailers have only just begun, says Di Grande of Gap Inc.

"We're not done," he says. "These (concepts) are the tip of the iceberg."

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