

TECHSPECTATIONS:

CONSUMER DEMAND FOR DIGITAL
TRANSFORMATION IN RETAIL



INTRODUCTION

Looking at the current state of the retail industry, online retail has benefitted from faster payments, consumer personalization and profile building. These elements are embedded into the fabric of an improved shopping experience and a step towards achieving digital transformation in retail.

This year, SOTI's 2024 retail report looks at the in-store experience and how it has evolved. In the 2023 retail report, we found that consumers wanted more personalization in-store, calling for the use of mobile technology to elevate the experience.

Despite the anticipation in 2023 about what the store of the future might look like, there seems to be more frustration from consumers today regarding devices used in-store and how these devices are being managed, maintained and secured.

SOTI uncovers three key areas where retailers are falling short and the obstacles they need to overcome in order to improve and achieve their in-store digital transformation goals: Artificial Intelligence (AI) and the consumer experience, supply chain optimization and security.

AI and the consumer experience explores what technology and devices consumers are being presented with in-store, what solutions they are now familiar with and whether familiarity correlates with satisfaction when it comes to self-serve checkouts.



Shash Anand, SVP, Product Strategy

Supply chain optimization refers to consumer demand around instant or flexible product availability being made possible with the current technologies offered in-store and online, while also exploring the impacts of supply chain optimization on consumer loyalty.

Lastly, security builds on how devices are used in-store, specifically when entering personal details and assesses consumer trust in retailers.

This report explores the extent of how devices are used in modern day retail around the world, consumer perceptions surrounding this experience, whether retailers have connected the supply chain to ensure they can deliver on promises and whether this potential lack of connectivity is creating security risks.

Looking to the future of the industry, these same retailers must focus on the technologies themselves and the infrastructure around them; how are these applications, devices and technology solutions being managed, monitored and maintained? Are these devices connected to the entire supply chain to ensure end-to-end visibility, and do they elevate the consumer experience? SOTI's 2024 retail report will help answer these questions and beyond.

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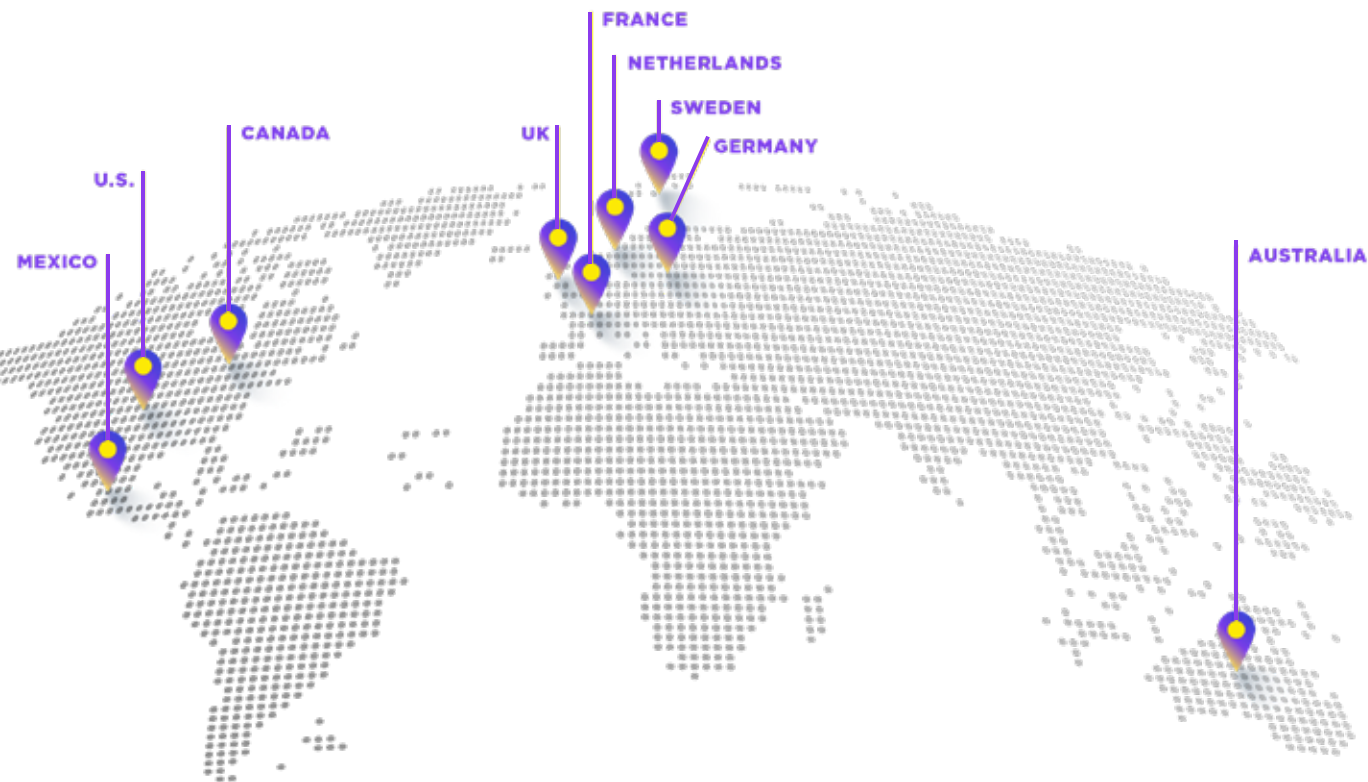
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METHODOLOGY

SOTI's research was conducted between September 3 and September 14, 2023 via 11,000 self-completed interviews submitted from nine markets around the world. All interviewees were consumers between 18 and 65 years of age.



11,000
INTERVIEWS

The markets represented are: the U.S. (2,000), Canada (1,000), Mexico (1,000), UK (2,000), Germany (1,000), France (1,000), Sweden (1,000), the Netherlands (1,000) and Australia (1,000).



91% of consumers have used in-store tech in retail, and 69% have used self-serve checkouts. However, 69% also said there often is not enough staff to help resolve issues with those self-serve machines.

40% Have ordered items using a tablet in-store only to find out the goods were not available at the checkout.

25% One-quarter of global consumers have considered shopping with a different retailer to get a better in-store tech experience.

When asked about consumer shopping preferences:

74%

Expect to know where an order is at all times.

62%

Confirm they shop with brands that deliver goods the fastest.

43%

Would prefer to shop online than in-store.

41%

If fulfillment is expected to exceed two days, 41% confirm they would look elsewhere.

39%

Enjoy the speed and convenience that in-store devices have the potential to bring.

35% Of consumers are concerned about financial and identity fraud.



AI AND THE CONSUMER EXPERIENCE

STUCK AT SELF-SERVE: RETAIL HAS YET TO OPTIMIZE TECHNOLOGIES BEYOND - OR EVEN AT - THE CHECKOUT

In-store devices are no longer a novelty. Only 9% of consumers have never used any form of technology designed to improve their shopping experience. Among younger demographics, this number drops to 5%. However, this does not mean all technologies are being used to the same extent, or that all devices are leading to consumer satisfaction.

Which in-store devices have you used over the last year?

69%

Self-serve checkouts

36%

POS devices

(e.g., barcode/handheld scanners, tablets, card readers and touch screens)

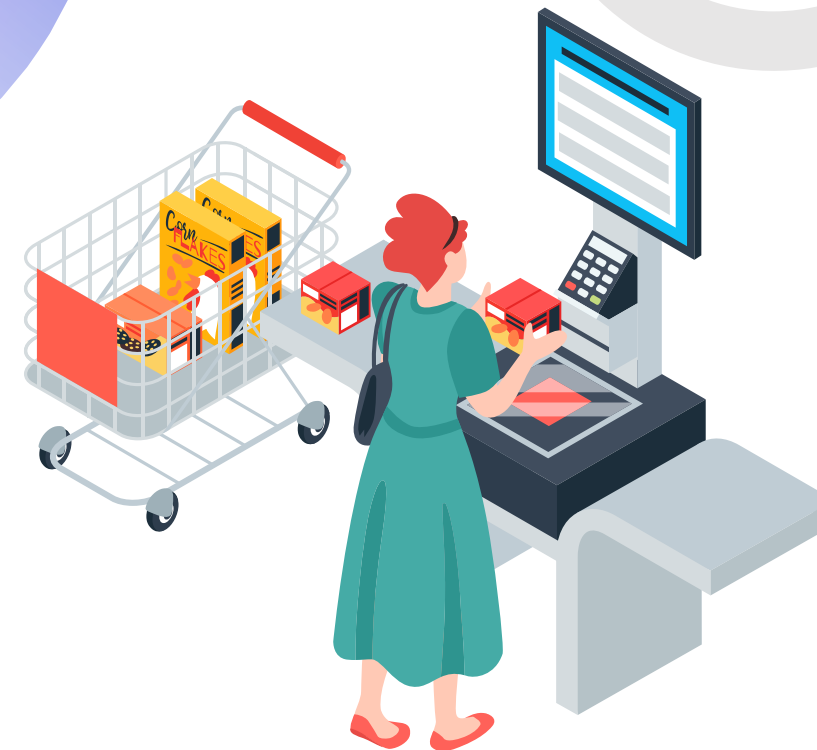
34%

Handheld store scanners

32%

Kiosks

(e.g., to print photos, self-serve airport check in or checkout at supermarkets)



PERSONALIZED OFFERS

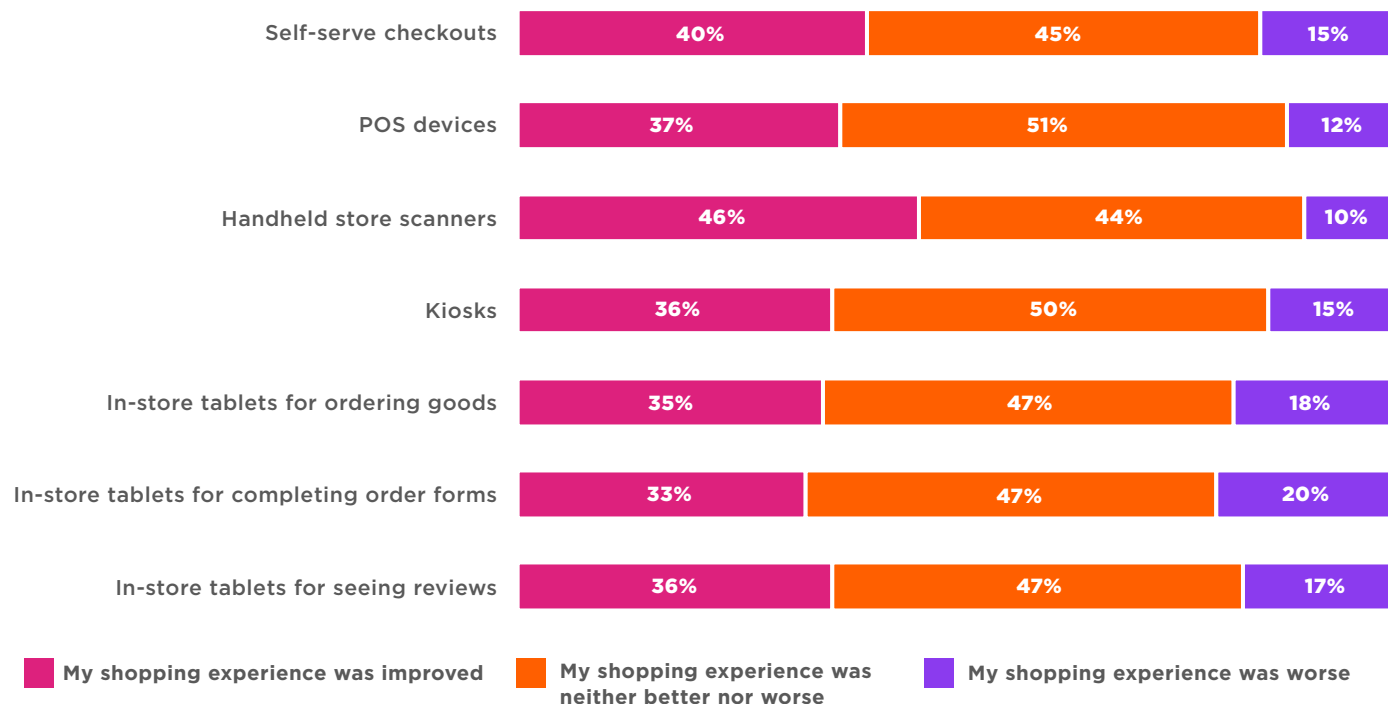
SALE!

Cashmere Cardigan

\$149
\$79

BUY

Consumer opinion of device technology use in-store



Self-serve checkouts are an interesting case study, as it has been the most normalized in-store tech in recent years. Yet, 45% said the shopping experience had been made neither better nor worse by its introduction.

Only in Mexico (61%), the Netherlands (50%), Germany (46%) and Sweden (46%) was an 'improved experience' the most frequent answer regarding self-serve checkouts.

In the UK and Canada, 21% and 19% respectively claimed self-serve checkouts worsened their in-store shopping experiences.

The use of tablets for ordering goods, seeing reviews or completing order forms received more responses for 'worsening' the shopping experience than any other technology:

67%

said tablets were not improving their shopping experience for completing order forms.

65%

said tablets were not improving their shopping experience for ordering goods.

64%

said tablets were not improving their shopping experience for seeing reviews.

Globally, one-third of consumers believe tablets are improving their shopping experience. In some regions, concerns are more obvious:

26%
Australia

Believe tablets for ordering goods are making the shopping experience worse.

24%
Sweden

24%
France

Believe tablets are making the shopping experience worse when it comes to seeing reviews.

23%
UK

24%
Australia

Believe tablets for completing order forms are making the shopping experience worse.

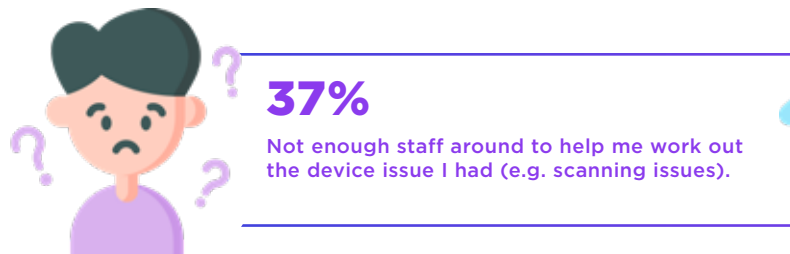
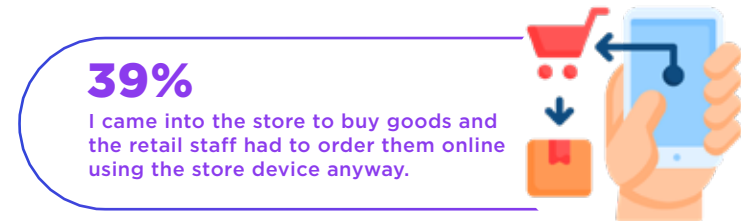
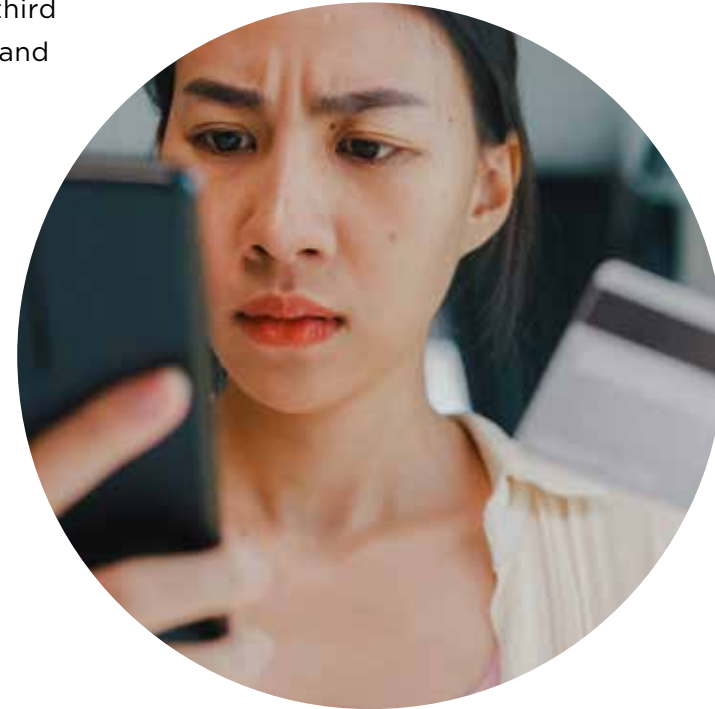
22%
U.S., UK & the Netherlands



MISMANAGEMENT, MAINTENANCE AND MANUAL INTERVENTION: WHERE TECHNOLOGIES ARE FALLING SHORT

The most dissatisfying device was revealed to be **in-store tablets used for completing order forms**. Only one-third stated they have improved the shopping experience and one-fifth believe they have had a negative effect.

It is therefore important to find out why tablets have failed to resonate with consumers:

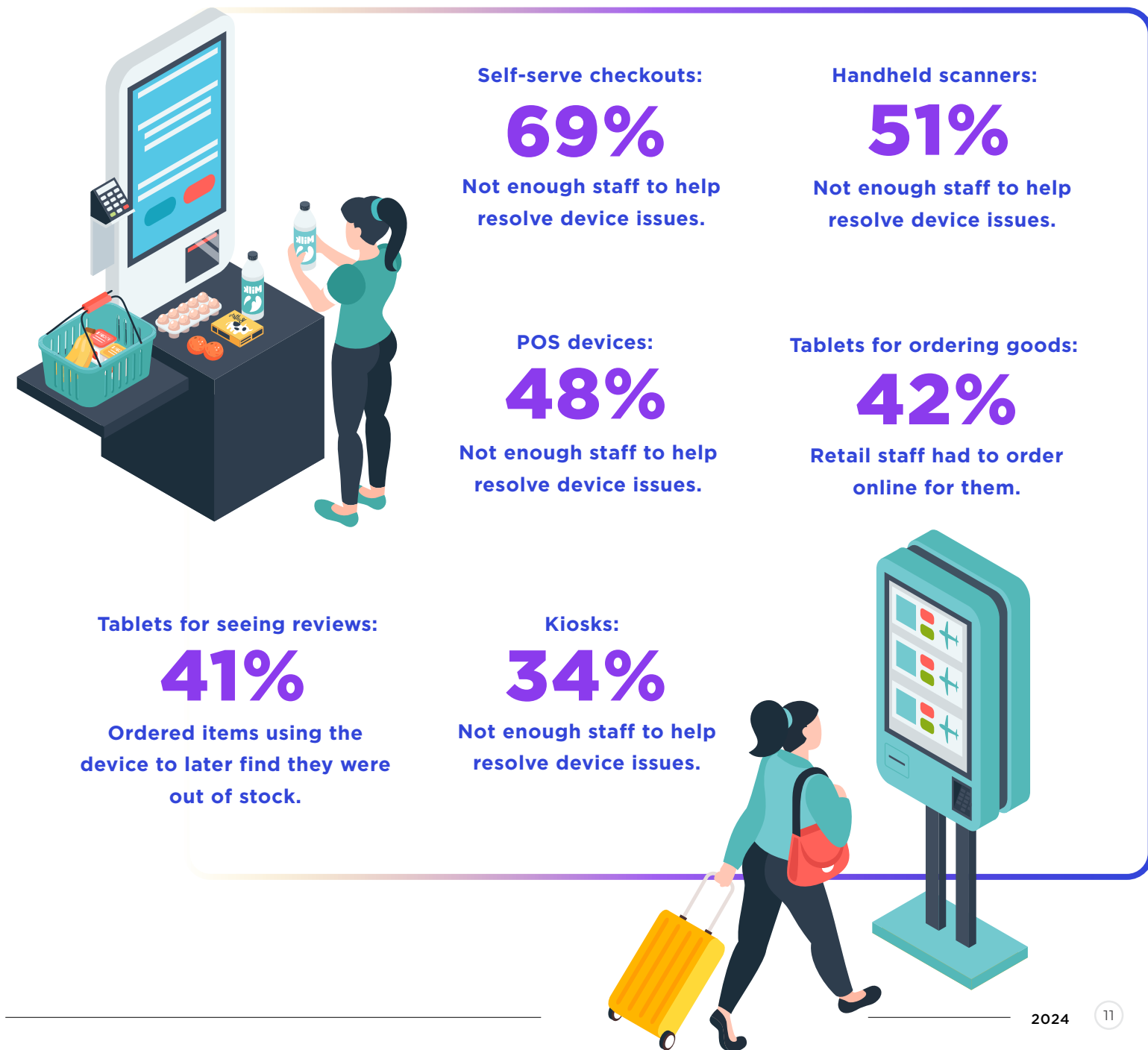


These statistics demonstrate a shortfall not only in consumer satisfaction, but in the lack of integration of technologies themselves. As an automated service, these devices are supposed to result in smooth supply chain connectivity and real-time information being accurately presented to the consumer for stock availability. With that, 40% of respondents have been told an item is available and later be told it is out of stock. In Australia (57%) and the Netherlands (55%), this information shortfall and technology malfunction is even more extreme.

Consumers also stated that Wi-Fi was not strong enough in-store for the application to work properly. More than one-third (34%) of global consumers have experienced this significant downfall, and in Canada the number reaches 50%. It is troubling to think that businesses are trying to integrate AI-based automated devices without proper functioning Wi-Fi and Internet connections to operate them.

Additionally, there is a clear issue with the usability of tablets in-store, with 39% requiring staff intervention to order items online. Interestingly, this issue of usability is most frequent in Mexico (60%) and Germany (62%) – two countries that showed a general level of satisfaction with in-store digitization.

Across the remaining technologies, when asked why their shopping experience was worse, consumers said:



WHY CAN'T IN-STORE REPLICATE THE PERSONALIZATION OF ONLINE?

Understanding consumers' feelings towards specific in-store technologies, they were also asked about their current shopping preferences:

30%

I like when a retailer online suggests a product or service based on my previous purchases – it feels more personalized.

27%

I like how easy it is to get help when shopping online, it is a better service than in-store.

26%

I like it when retailers use a device to help me with my in-store experience.

24%

I find it useful when an online retailer flags when it thinks I am about to run out of a product and makes it easy for me to order it again.

23%

I am excited about how AI will be used by retailers to improve and personalize my retail experience online and in-store.

As many as **80%** selected at least one benefit of digital intervention.

Many of these benefits relate to the online shopping experience, pointing to aspects of consumer assistance, personalization, saved preferences and recommendations. For many, these positive online elements are not experienced in-store.

Regional highlights:

- German consumers (35%; global average 24%) are more likely to find it useful when an online retailer flags that they are about to run out of a product, making it easier to reorder and replenish.
- The U.S. (21%) topped Mexico (19%) when asked about finding the in-store shopping experience frustrating compared to online personalization (global average 17%).
- Sweden (28%) joined Mexico (31%) and Germany (31%) in sharing excitement about how AI will be used by retailers to improve personalization in-store and online.

What does this mean for future AI adoption?

In recent years, retailers have been focused on mastering AI's influence online, but it has not translated to in-store. Retailers need to build an infrastructure that allows for online benefits to be replicated in-store and for new devices to thrive in those physical environments with AI. This will allow organizations to improve supply chain connectivity, forecasting and replenishment, while ensuring stock availability and reducing waste.

For all this to happen, retailers need to get back to basics and deploy improved device management solutions and platforms. With large investments in e-commerce, retailers with an omnichannel model need to build their in-store infrastructure in a way that enables AI and automation to hit their mark.



SUPPLY CHAIN OPTIMIZATION

CONSUMER DEMAND MEETS CONSUMER CONFUSION

When asked about their shopping habits over the years, 86% of respondents were able to list at least one specific instance of device use, or experience either online or in-store that reflect this new norm for retail.

The top answer reflects consumers 'direct exposure to retailers' supply chains and the need to have a synchronized reflection of what is available, through what channels and in what time period. The 39% who have used a mobile device to locate inventory reached as high as 47% in the U.S. and Mexico, and 46% in Sweden.

However, in France, only one-quarter have embraced this digital process, and they are not alone in revealing more negative experiences or use rates of certain technologies.

Self-serve checkouts once again appeared as a confusing and challenging technology for 38%, and even more of an issue in some regions:

Australia - 52%



UK - 51%



U.S. - 49%



Canada - 47%



38% also cited a lack of staff to help with queries, impacting customer service in-store:

Canada - 48%
U.S. - 45%
Australia - 44%

Almost one-third (30%) confirmed staff shortage when it comes to kiosk issues:

UK - 39%
Australia - 35%

A standout statistic was that one-quarter of global consumers have considered shopping with a different retailer to get a better in-store tech experience.

This rises to 27% in the UK, 30% in both Canada and Australia, and 31% in the U.S. For 25-30% of consumers around the world, poor tech functionality and a disjointed supply chain can force them to shop elsewhere.

Many of these issues can be resolved with a more seamless, intuitive and automated supply chain operation designed to ensure real-time, reliable visibility of items; to both the consumer, and in-store staff. This supply chain optimization is especially important, given:

Nearly half of respondents (45%) now expect to be able to pick up an item ordered online from a physical store that same day.

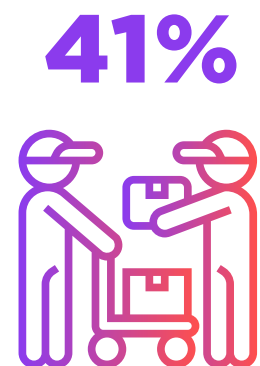
This rises to:



Less likely to order an item that requires shipping from overseas than one year ago.



Expect to pick up any item I have ordered online from a store on the same day.



State they will look elsewhere if delivery or pick up of an item is more than two days.



43%
Prefer to shop online, rather than in-store.



Where loyalty is won and lost.

Over the past year, almost two-thirds (62%) of global consumers confirmed they have continued shopping with brands that deliver goods the fastest. Quick delivery can only be achieved with AI-driven forecasting and inventory management solutions to ensure availability of items. Then optimized connectivity of solutions between the warehouse, distribution channels and the store to guarantee ultimate fulfillment and consumer satisfaction.

74% Expect to always know where their order is within the delivery process.



The supply chain is also critical to keep personalization promises, and 57% globally confirm they prefer to shop with retailers that can offer personalized suggestions. This figure rises to 62% in the U.S. and 65% in Mexico.

Returns have also been listed as an important element of the shopping experience in the omnichannel era:

- 64%** Report the same about online retailers.
- 57%** Would be more likely to choose an in-store retailer if multiple return points are offered.

In SOTI's 2023 retail report, 63% of consumers stated they would like the returns process to be easier and preferably automated. This year's figures confirm returns are still a differentiator. A smooth, well-connected, digitally-enabled supply chain makes or breaks this capability in the eyes of a global consumer base that is clearly willing to abandon loyalty to find it.

Consumers demand points to three key areas of the retail experience - speed, visibility and return options. All of these depend on a supply chain that is seamlessly connected and visible in real-time to both the retailer and consumer.

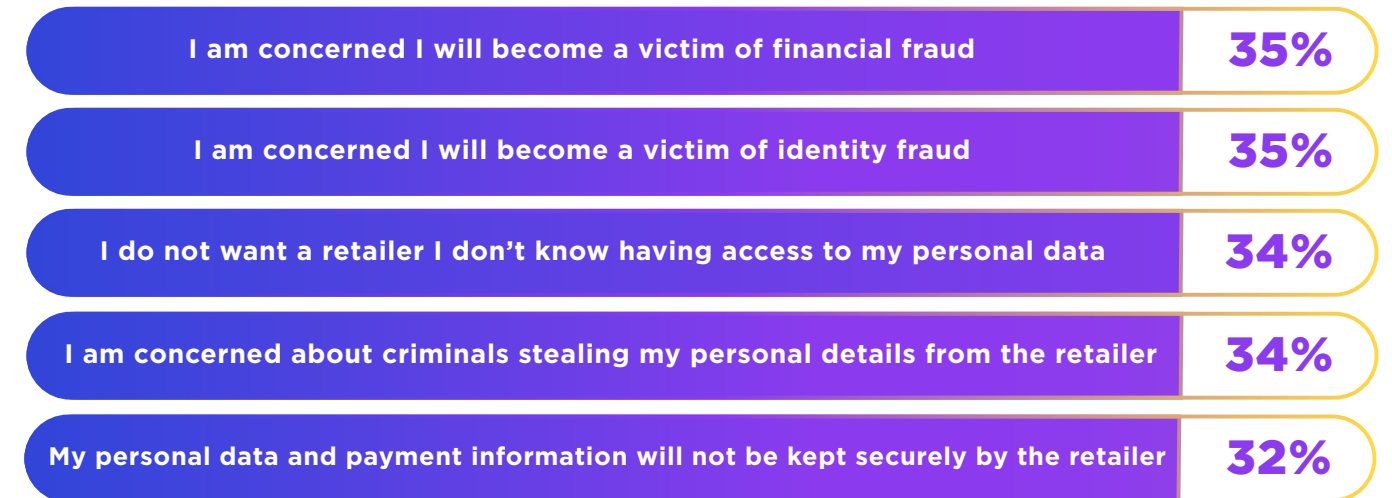
SECURITY

PAYING THE ULTIMATE PRICE: THE COST OF FRAUD

Consumers have shown they are not resistant to new technology and the blend of both online and in-store shopping, but they are understandably worried about how this might impact their privacy or financial safety.



THINKING ABOUT PAYMENTS, RESPONDENTS WERE ASKED WHAT CONCERNS THEM ABOUT ENTERING PERSONAL DETAILS ONLINE OR VIA IN-STORE DEVICES?

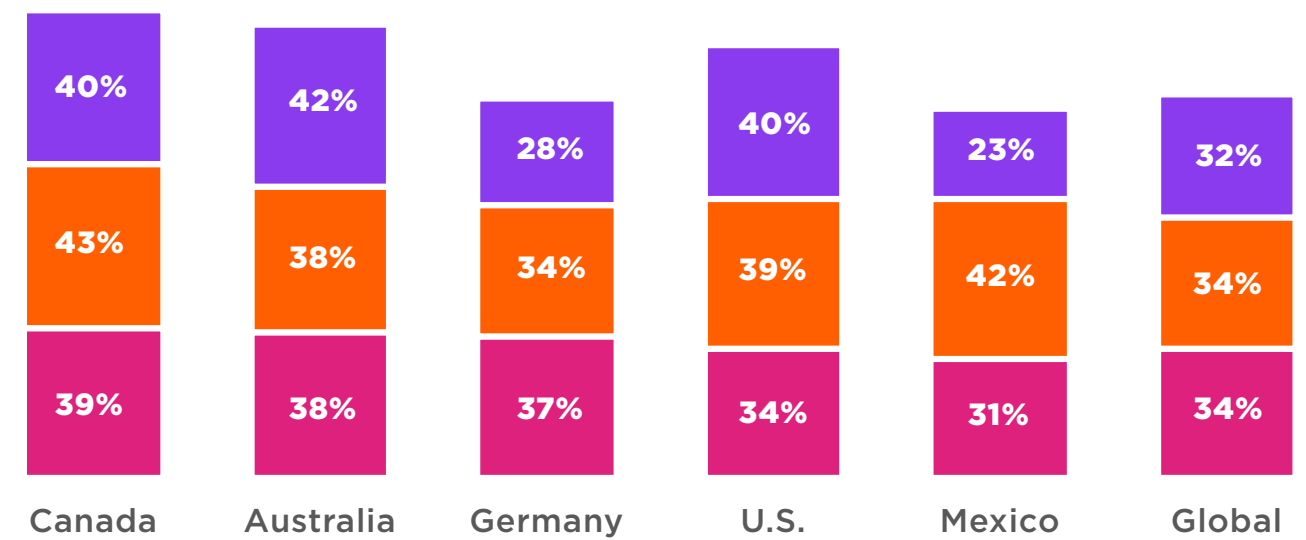


More than three quarters (76%) globally have some concern about entering personal details online or via in-store devices.

Additionally, 35% globally confirmed they are concerned they will become a victim of financial and identity fraud. In both cases, Mexico, Australia and Canada are particularly wary of modern payment processes.

While respondents from Germany showed less concern about fraud, they were among the leading group when asked about retailers having access to their personal data and payment information.

THESE REGIONS VOICED CONCERNS WHEN IT CAME TO A COMPANY'S ABILITY TO STORE AND PROTECT DATA:



■ Retailers access to personal and payment data
 ■ Criminals stealing data from the retailer
 ■ Secure storage of data by the retailer

59% In the 2023 report, 59% of consumers said a bad experience with data security while shopping online would destroy trust in a brand.

24% Heading into 2024, only 24% have no concern at all about entering personal details either online or via in-store devices.



In-store device security: consumers crave convenience, but not at any price.

Considering using in-store devices such as mobile computers, tablets, scanners, self-checkout kiosks and no-touch checkout, which of the following applies to you?

39%
I like the speed and convenience of using in-store devices.

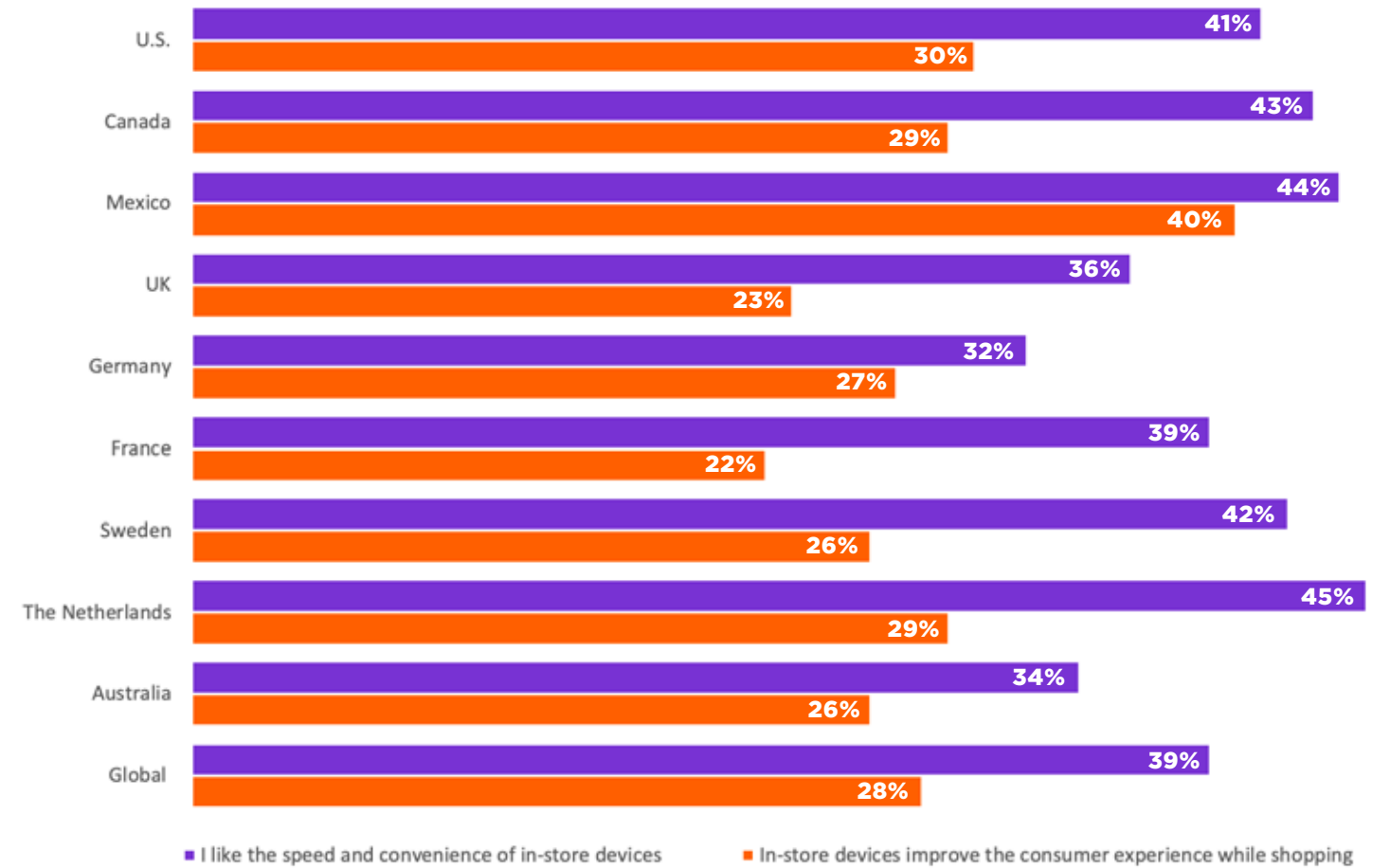
28%
I believe in-store devices improve the consumer experience when shopping.

28%
I would be worried about someone seeing my personal details as I entered them.

22%
I do not worry about using in-store devices, as I trust the retailer.

More than three quarters worry to some extent about using in-store devices because of retailer mistrust. Over one quarter (26%) are worried about the next user of the device seeing their personal details.

Only 28% believe in-store devices improve the consumer experience while shopping. This comes despite 39% seeing in-store devices as tools to increase convenience and speed when shopping. This suggests more of a mistrust in how the technologies are being managed or deployed, rather than the solutions themselves.



This suggests that many consumers have not yet written off the potential of digital intervention in the store. However, they are not currently convinced by the seamless operability of them and the ultimate security of their data while using them.



Retailers need to invest in solutions that best manage and maintain their technologies to a point where they operate at full, seamless potential. From a security perspective, this includes the guarantee that lost devices can be easily located, wiped and cleared of consumer information remotely and in real-time.

SLOWING DOWN TO CATCH UP:

PRIORITIZING DEVICE MANAGEMENT

The deployment of devices across POS, self-serve, handheld scanners, kiosks and tablets may be ticking the box of 'digitizing the in-store experience'.

When asked about the general retail experience, many respondents around the world showed they would still be receptive to:

Augmented reality to view items **38%**

AI to predict the best times to purchase items **37%**

Conversational digital shopping assistants **37%**

AI and natural language during chat bot conversations **36%**

Electronic shelf labels **35%**

Consumer tech expectations have risen due to the sophistication of online processes that are not being matched in-store.

The gap between in-store and online needs to close through a digitization effort that helps replicate the level of personalization and seamless visibility one is more likely to find online. However, the technology deployed must be managed effectively.

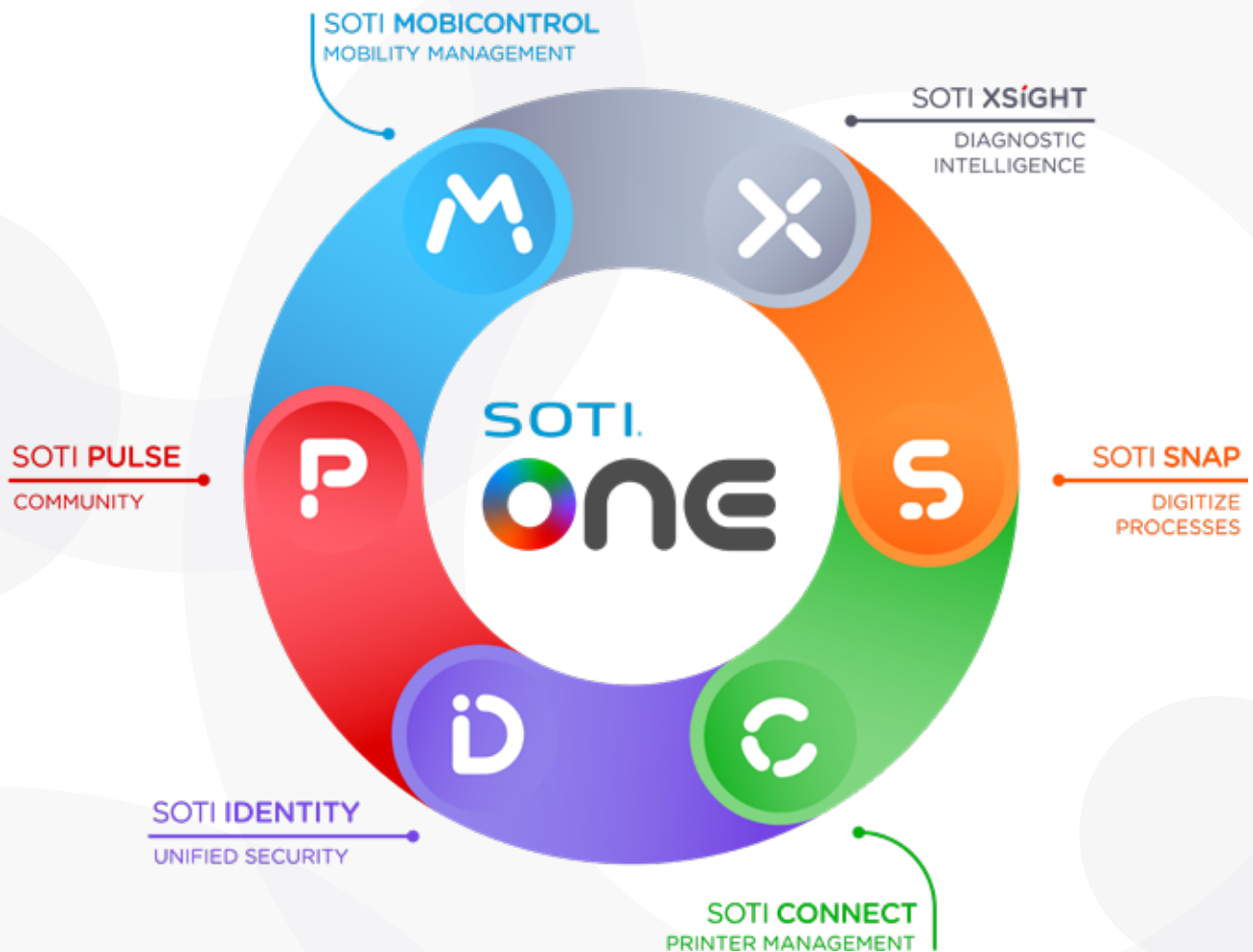
Devices must be connected to the entire supply chain to ensure what is being shown to consumers is accurate. They must be consistently maintained and managed in real-time to avoid connectivity outages or device issues during peak hours. They must be secured and monitored so consumer data and confidence in devices is heightened, especially in the case where devices are lost or stolen.

Between 2022 and 2023, the retail industry has looked to build on pandemic trends and push through its digital transformation. It is vital that over the next three years, this transformation continues with a rethink surrounding how new technologies are implemented and optimized in the industry.



ABOUT SOTI

SOTI is a proven innovator and industry leader for simplifying business mobility solutions by making them smarter, faster and more reliable. With SOTI's innovative [portfolio of solutions](#), organizations can trust SOTI to elevate and streamline their mobile operations, maximize their ROI and reduce device downtime. Globally, with over 17,000 customers, SOTI has proven itself to be the go-to mobile platform provider to manage, secure and support business-critical devices. With SOTI's world-class support, enterprises can take mobility to endless possibilities.



TO LEARN MORE:

For additional information on how SOTI can set your business up for success, [click here](#).

To learn more about the SOTI ONE Platform, [click here](#).

To find out how SOTI can help with your mobile investments, contact us today at sales@soti.net.

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