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Retailers Are Ignoring Consumer Expectations Around Retail Technology

Retailers who successfully bridge the “awareness/experience gap” have a crucial advantage.



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When it comes to in-store technologies, US consumers have heard all the promises but are still waiting on retailers to deliver. That's the conclusion of A.T. Kearney's 2019 *Consumer Retail Technology Survey* that found when it comes to retail technologies, most retailers' performance is still lagging consumer expectations.

The survey, which polled 1,000 people from various demographic and economic backgrounds about emerging retail technologies used in physical stores, focused on five crucial technologies:

- **Augmented reality (AR)**—technology incorporating interactive digital elements into physical shopping environments
- **Mobile point of sale**—technology that enables smartphones, tablets, or other mobile devices to substitute for traditional cash registers
- **Cashierless checkout**—mobile apps that add items to a virtual cart as customers shop and charges the customer automatically
- **Interactive screens**—screens that enable seamless physical and digital integration by allowing customers to scan products for more information
- **3D printing**—technology that enables on-demand creation of customized products

A.T. Kearney's 2019 *Consumer Retail Technology Survey* surfaced four crucial observations.

I: Retailers are lagging consumer expectations for retail technology

While three out of four respondents were aware of at least one of the targeted retail technologies, only one in three have experienced even one of them in their shopping experiences.

For example, 45 percent of respondents said they had heard of augmented reality but never experienced it in a store. The results were similar for the other technologies: 60 percent for 3D printing, 40 percent for mobile point of sale, 36 percent for cashierless checkouts, and 30 percent for interactive screens.

Only one in three respondents have experienced even one of the targeted retail technologies in their shopping experiences.

That said, the survey revealed a nearly 50 percent increase between the number of consumers who indicated that technology had influenced their shopping choices in the past, to those who expect technology to influence their shopping choices in the future. This represents a substantial opportunity for retailers to address consumer expectations by bridging the gap.

But when it comes to retail technologies, all formats are clearly not created equal.

II: Big box retailers have led in retail tech, but consumers expect specialty shops to catch up

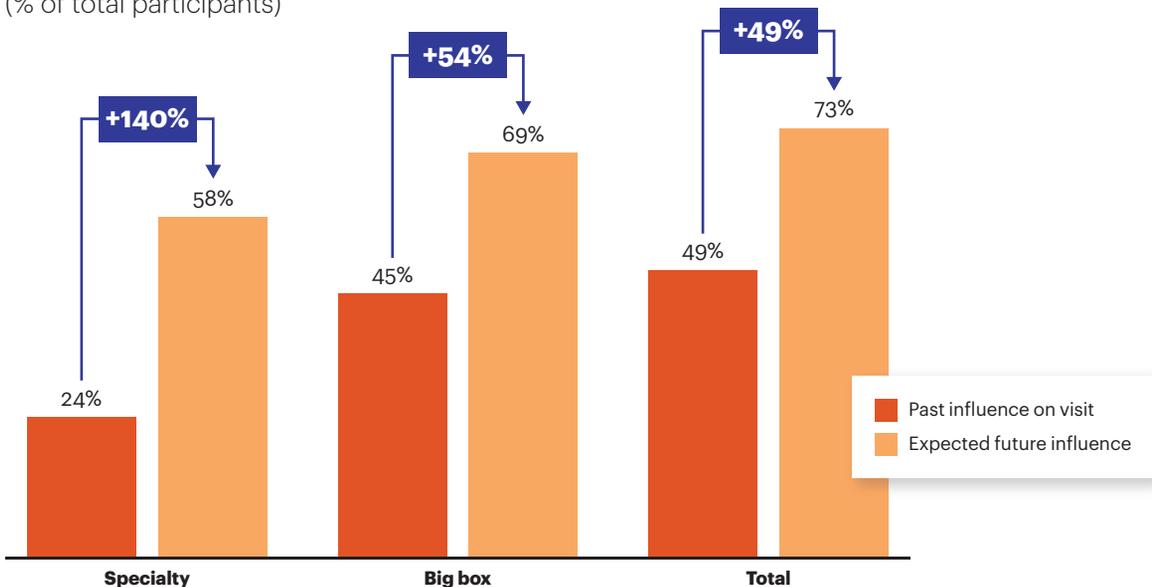
Forty-five percent of respondents reported visiting a big box store because of technology, contrasted with 24 percent who said they had visited specialty stores because of technology. However, 58 percent of consumers expect retail technology to impact their specialty store choices in the future, nearly catching up to big box and presenting specialty retailers with a significant opportunity (see figure 1).

Figure 1

Consumers expect to be more influenced by technology than they have been in the past

Technology influence on past and future store visits

(% of total participants)



Source: A.T. Kearney analysis

At the end of the day, specialty shoppers are still looking for technology to provide different solutions from those sought out by big box store shoppers.

III: Specialty consumers value experience, while big box consumers value convenience

Big box consumers clearly value convenience over novelty, with 41 percent of respondents saying technologies associated with convenience had influenced their visit to a big box, versus only 13 percent because of technology associated with novelty.

Service is key for specialty consumers who are more likely to be influenced by customization and experience than big box consumers. While convenience is still important for specialty consumers, the gap between novelty, product information, and convenience is minimal, both in terms of past influence and expected future influence (see figure 2 on page 3).

Figure 2

Big box shoppers are more influenced by convenience than novelty; specialty shoppers less influenced overall

Technology influence on past and future store visits

(% of total participants)



Source: A.T. Kearney analysis

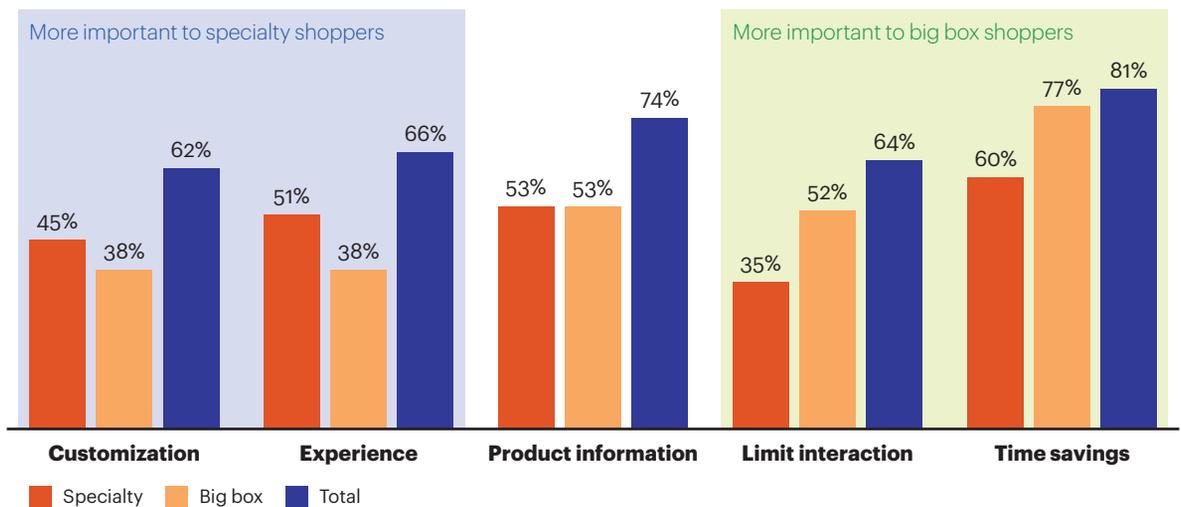
Similarly, when asked which types of retail technology would be most likely to influence their shopping choices, respondents indicated that customization and experience were more important in a specialty store than in a big box store, and that limited interaction and time savings were more important in a big box store than a specialty store (see figure 3).

Figure 3

Customization and experience are more crucial to specialty shoppers

Consumer needs most likely to influence shopping choices

(% of total participants)



Source: A.T. Kearney analysis

With only 35 percent of responding specialty store shoppers expecting to be influenced by technology that limits interaction with store personnel, versus 52 percent for big box, it is even clearer that service and experience are paramount for specialty shoppers—whether delivered through technology or store personnel.

Consumers are selective about which types of technology resonate most with their needs in different retail contexts, and about how those technologies impact specific elements of their shopping journeys.

IV: Consumers want to save time in store, but only on certain shopping activities

Retail technology that saved time ranked among the most valuable by respondents. Seventy-two percent of consumers cited technologies that reduce checkout time, and 61 percent of consumers cited technology that reduces time spent navigating the store.

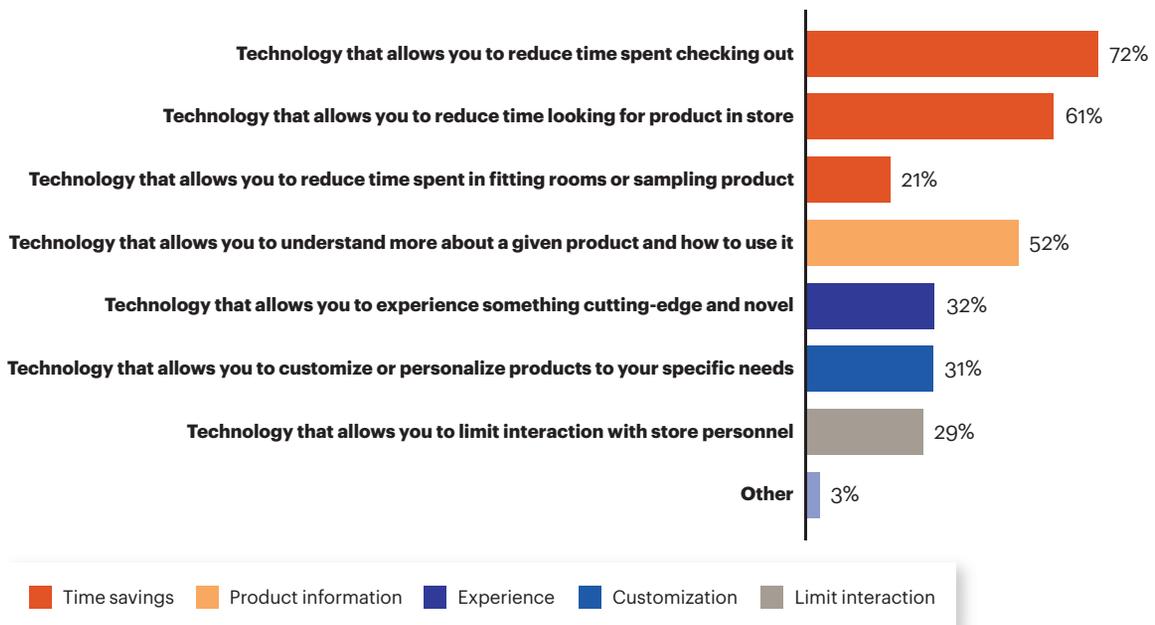
However, consumers clearly still want to spend time in stores. Reduced time in trial and sampling ranked lowest in appeal, with only 21 percent of consumers citing such technology as important to their shopping experience. Combined with the consumer interest in customization and novel experience, this presents retailers with a significant opportunity to drive foot traffic through enhanced trial and sampling experiences in store (see figure 4).

Figure 4

Consumers desire tech to reduce time spent checking out, navigating—not in trial and sampling

Technology functions that consumers desire most

(% of total desired technologies)



Source: A.T. Kearney analysis

Ultimately, retailers have to make hard choices about which technologies they invest in and the size of those investments. The data reported in A.T. Kearney's 2019 *Consumer Retail Technology Survey* begins to frame solutions to those questions.

V. What retailers need to do

The survey suggests that retailers hoping to successfully bridge the consumer “awareness/experience gap” need to do eight things:

- Look for opportunities to **implement targeted technologies quickly**, favoring pilots and agile implementations over long rollouts
- For big box retailers, continue to invest in retail technology, but be selective to ensure it is meeting **specific consumer needs in your store**
- For specialty retailers, expect to **substantially increase investment in technology that enhances the overall shopping experience, and supplement with store personnel**
- Big box retailers should **direct the majority of technology investment toward speed** and efficiency
- Understand the **nuances of the consumer journey** to ensure retail technology implementations meet a specific consumer need
- Invest in technology to **reduce time in checkout** and navigation, and consider technology to **enhance the in-store trial experience**
- Prioritize top markets and doors to **maximize reach of technology** and ensure your investment reaches as many consumers as possible

Napoleon once said, “You can do anything you want to with a bayonet, except sit on it.” Going forward, the same is clearly true of retail technologies.

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