

CONLUMINO

# CONNECTED HIGH STREETS

SEPTEMBER 2014



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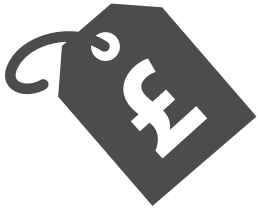
# **CONNECTED HIGH STREETS**



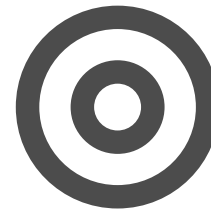
**Consumers want to enhance their shopping experiences by using new multi-channel technologies.**



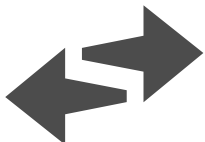
**Retailers recognise this demand and agree that investing in connected technologies is critical to future business success**



**Despite recognising the importance, the majority of retailers believe that their budgets for technology are inadequate**

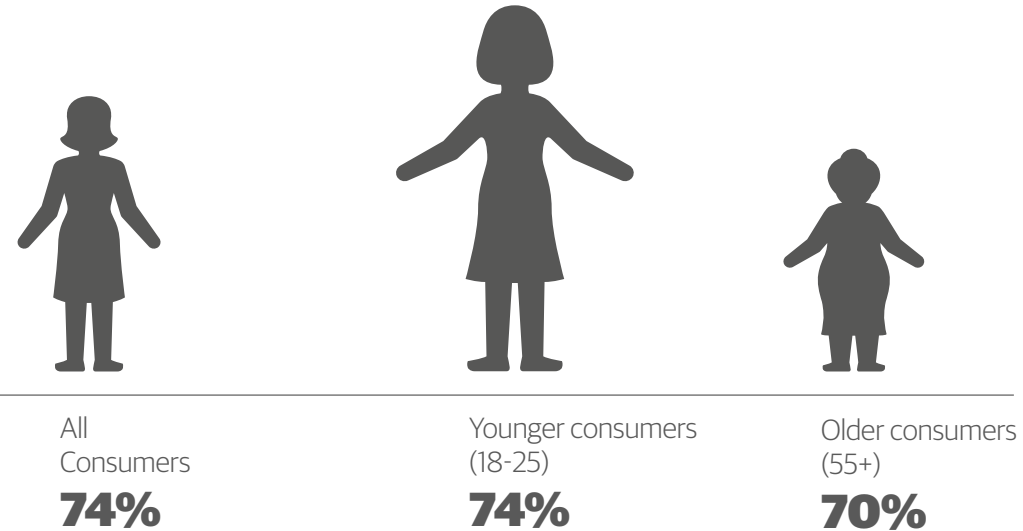


**If budgets are limited, this means retailers need to target investment into those areas most in demand by customers**



**Targeting is an issue as retailers and consumers have different views on what technology is needed/best**

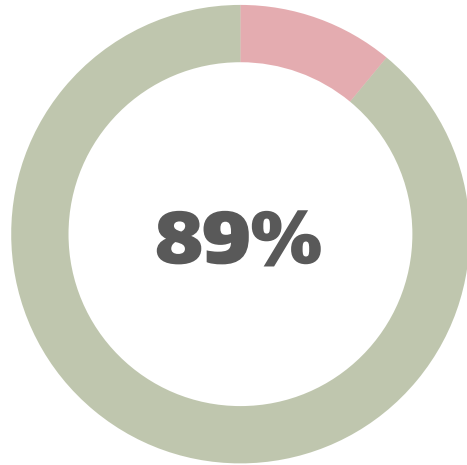
## Percentage of consumers who say they will use new technologies at some point in the future



**There is a growing convergence between physical shops and online with 74% of consumers saying that they would like to try at least one connected technology to enhance their shopping experiences.**

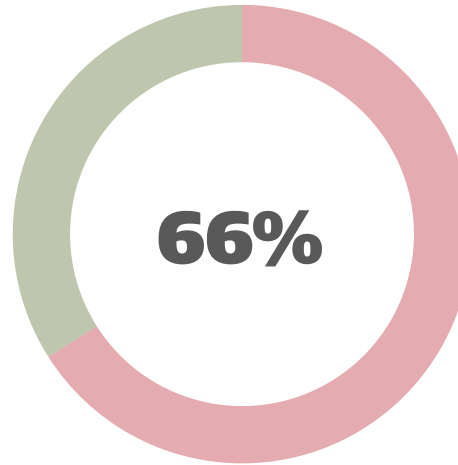
**As would be expected, there is particular enthusiasm among younger consumers with almost three quarters of 18-25 year olds saying they will use a connected technology. However, even among older consumers aged over 55, 70% say they will try out new technology.**

# Limited budgets should be focused



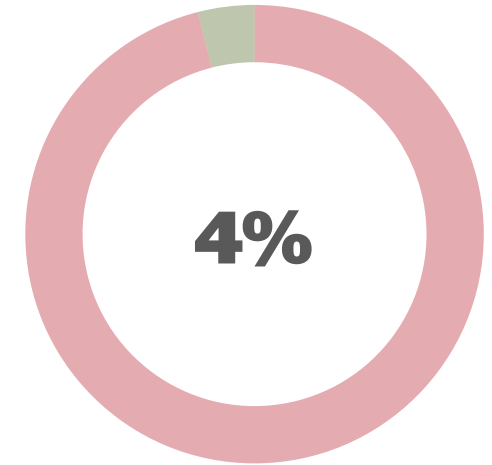
### Is investing important?

Some 89% of retailers say that investing in new multi-channel technology is one of the most important factors to ensuring future success.



### Are budgets adequate?

However, two in three retailers say that their current budget for investment is inadequate for their future needs.



### What is the budget?

The average budget for investment in new multi-channel technology is just 4% of annual turnover.

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**The vast majority of retailers see the investment in new multi-channel technologies as being critical to their future success. Despite this, two-thirds of those interviewed said that current budgets, which on average run at 4% of annual turnover, were not adequate. Given this disparity it is vital for retailers to focus their budgets on investments that will deliver returns. This, in turn, means understanding what consumers want and avoiding fads and short-term trends.**

# Mind the gap: general shopping experience

**Where budgets are limited and focus is important, it is vital that retailers deliver what consumers want. However, the research reveals that there is something of a mismatch between what retailers are prioritising in technology terms and what consumers want.**

**When it comes to the general shopping experience, consumers are most interested in technologies around receiving discounts and vouchers on their phones, price checking on mobile devices and receiving offers from retailers. In other words, the demand is around mobile technologies helping consumers to get the best value from their shopping experience.**

**None of the things consumers are interested in makes it into the top five things retailers are focusing on. Indeed, retailers are focused on personalisation and efficiency rather than on mobile and value.**



## What are retailers prioritising?

In terms of the general shopping experience, retailers say that they are focused on the following...

|                                       |            |
|---------------------------------------|------------|
| Personalising products or experiences | <b>87%</b> |
| Improving website experiences         | <b>77%</b> |
| Encouraging customer engagement       | <b>77%</b> |
| Creating a single view of customers   | <b>72%</b> |
| Improving in-store experiences        | <b>71%</b> |



## What do consumers want?

In terms of the general shopping experience, consumers say that they are interested in doing the following...

|  |            |
|--|------------|
| Receiving a voucher or discount code on your phone | <b>26%</b> |
| Price checking products on a mobile device         | <b>24%</b> |
| Receiving offer from a retailer on a mobile device | <b>20%</b> |
| Reserving stock in store via a mobile device       | <b>18%</b> |
| Looking at customer reviews and feedback online    | <b>16%</b> |

# Mind the gap: specific technologies

**There is also a gap in terms of the specific technologies consumers say they are likely to use and those which retailers are planning to deploy.**

**In short, it appears that retailers have underestimated the potential demand for new technologies and, in so doing, may well miss future opportunities to meet consumer demand.**

**As an example, while 40% of consumers say they would be likely to use virtual fitting rooms, only 9% of retailers currently have these and only 15% have plans to use them in the future.**

**A similar pattern holds true across many other technologies from 3D printing to wearables to facial recognition.**

**The only area where retailers appear to be geared up to meet demand is on QR codes.**



## What are retailers prioritising?

In terms of the general shopping experience, retailers say that they are focused on the following...

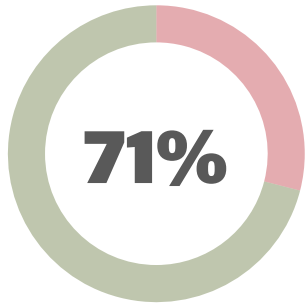
|                       | Currently use | Planning to use |
|-----------------------|---------------|-----------------|
| Virtual fitting rooms | <b>9%</b>     | <b>15%</b>      |
| QR codes              | <b>30</b>     | <b>28%</b>      |
| 3D printing           | <b>3%</b>     | <b>5%</b>       |
| Wearable technology   | <b>1%</b>     | <b>6%</b>       |
| Facial recognition    | <b>3%</b>     | <b>15%</b>      |



## What do consumers want?

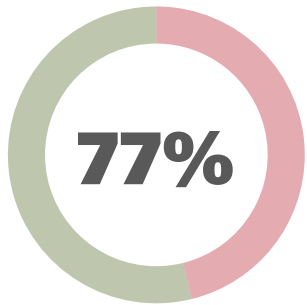
In terms of the general shopping experience, consumers say that they are interested in doing the following...

|                       | Likely to use |
|-----------------------|---------------|
| Virtual fitting rooms | <b>40%</b>    |
| QR codes              | <b>34%</b>    |
| 3D printing           | <b>28%</b>    |
| Wearable technology   | <b>26%</b>    |
| Facial recognition    | <b>22%</b>    |



## Retailers

Some 71% of retailers say that justifying the return on investment is a barrier to adopting new technology. This is the third most mentioned barrier.



## Tech firms

Some 77% of tech firms say that justifying the return on investment is a barrier to adopting new technology. This is the number one mentioned barrier.

**Not understanding the return on investment is one of the main barriers preventing retailers from spending money on new technology. Retailers themselves mention this and the firms developing the new technology also note it as a factor holding back advancement.**

**The multi-channel environment has arguably made tracking and calculating financial benefits much more complex, however, retailers need to become better at assessing the holistic impact new technology has on key metrics and on the health of the business.**

**In some cases, investment can be justified by appreciating the cost of not adopting new technology and falling behind in terms of quality of the shopping experience offered.**





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