

Retail Reinvented





The reinvention of retail

While recent rumours of retail's demise may have been greatly exaggerated, there's no refuting the sector is in the middle of a massive transformation. While the majority of sales still happen in physical stores, digital capabilities are shaping the evolution of the shopping experience.

The Deloitte Global Powers of Retail 2018 report supports this assessment. The research study, which analyses trends from 250 of the world's largest retailers found transformation is happening at a faster pace than ever, creating problems for retailers accustomed to "balancing conventional performance metrics like growth, profitability, and space productivity."

Demand for convenience and value. Shrinking customer base.

The time poor, digitally connected younger generation is driving the trend for increased visits to convenience stores. These smaller households are focused on shopping for what they need over the next couple of days, and they're heading to smaller stores to get it.

According to IDG, Europe will account for 16% of global grocery retail sales growth for the five years to 2022.

Where will this growth come from and how can retailers adapt?

Some recent growth trends outlined by Bain and Co. include:

Rise of everyday value.

Europe has long been familiar with price-oriented models such as hard discounters, and these stores have continually gained share—for example, capturing more than 35% market share in Germany.

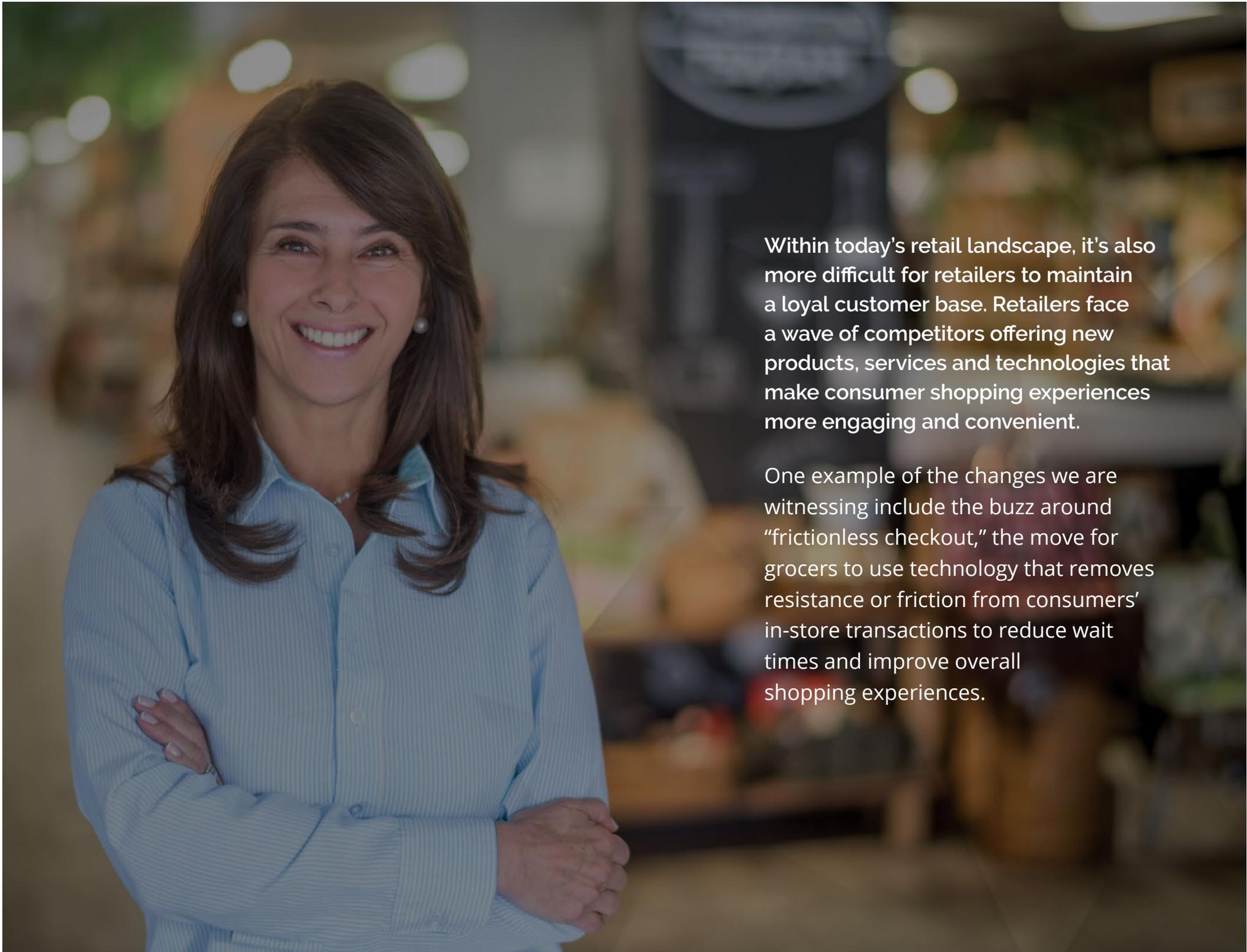
Popularity of convenience.

The trend is for smaller basket sizes and more frequent trips to the store. Already, convenience stores are growing by 5% annually, a rate that could reach 7% by 2025.

Making online profitable.

Online shares have now also reached 5% in some grocery markets (including the UK and France) for some of the most profitable packaged goods categories for manufacturers and retailers, this will accelerate.





Within today's retail landscape, it's also more difficult for retailers to maintain a loyal customer base. Retailers face a wave of competitors offering new products, services and technologies that make consumer shopping experiences more engaging and convenient.

One example of the changes we are witnessing include the buzz around "frictionless checkout," the move for grocers to use technology that removes resistance or friction from consumers' in-store transactions to reduce wait times and improve overall shopping experiences.

The unusual suspects

Traditional brick-and-mortar competitors are bad enough. However, competition from emerging sources has proven to be a tough opponent for brick-and-mortar only stores.





Online and social media shopping options, subscription services, and manufacturer direct-to-consumer distribution are just a few of the new options blurring the lines between physical and digital channels and cross-industry.

With consumers turning their backs on the brand-loyalty model, and turning their business toward newcomers and new ways of researching, buying, and fulfilling, leading retailers are looking to start digitally led initiatives to remain viable and position themselves for ongoing success in this new frontier of retail.





How to reimagine retail: think digital first

Despite these challenges, the current physical retail environment is far from bleak. Rather, this tipping point is creating opportunities for retailers to leverage new touchpoints and capabilities to develop deeper, more meaningful relationships with customers.

This whole new world of retail means retailers must go beyond merely adding channels for shopping, and fundamentally shift their philosophies around customer service and engagement. It also means making strategic investments that will bring digital transformation to the store.

Why? Because combining the ease of online shopping with the real-world experiences that can only occur inside a store means that retailers can achieve the best of both worlds, eliminating inefficiencies and delivering a superior level of service that can't be beaten.

Stepping up their game— and spending

When Forrester published their European Digital Influence Forecast in February 2018, they found that digital assets will impact 55% of all European retail sales in some way, by 2021, whether it's direct digital transactions or digital influence on in-store sales.



A woman with long dark hair, wearing a light blue button-down shirt and denim overalls, is looking up and to the right while holding a tablet computer. She is standing in a grocery store aisle, with shelves of products visible in the background. The image has a semi-transparent geometric pattern overlay on the right side.

And while retailers will always be concerned with keeping pace with the next big technological trend, not every new trend will be always be right or relevant for every retailer.

In short, transformative technologies are only effective if they are implemented in a way that best supports a retailer's brand, goals, and vision.

One size does not fit all

There is a spectrum of shopping experiences, which means there is no one type of shopper or set of shopper preferences.





Baby Boomers

Still represent a large percentage of the population



Gen X

More spending power than any other generation



Millennials

Loyalty influenced by crowd-sourced vs. advertising channels



Gen Alpha

Never lived without technology & will have buying behaviours not yet known

Take changing age demographics, for instance. The Pew Research Center determined that Millennials, born between 1981 and 1997, account for 27 percent of the global population with nearly 2 billion people in this age group worldwide—representing a tremendous amount of buying power for decades to come. We've read all about Millennials. They tend to be less loyal, prefer spending on experiences rather than things, and are more likely to be influenced in a crowd-sourced way vs. traditional advertising.

We also have Baby Boomers, who are living longer and represent a significant influence within the shopper pool. This generation is marked by more brand loyalty, pride of ownership, and a more cautious adoption of new technologies.

The not so great divide

Generational differences are just one example illustrating the broad shopper spectrum.

Buying habits vary based on urban vs. rural, preference for self-service vs. high-touch service, shopping frequency, and many other personal influences that drive behaviour and loyalty.



No matter what, all consumers expect their experiences to be:

Continuous

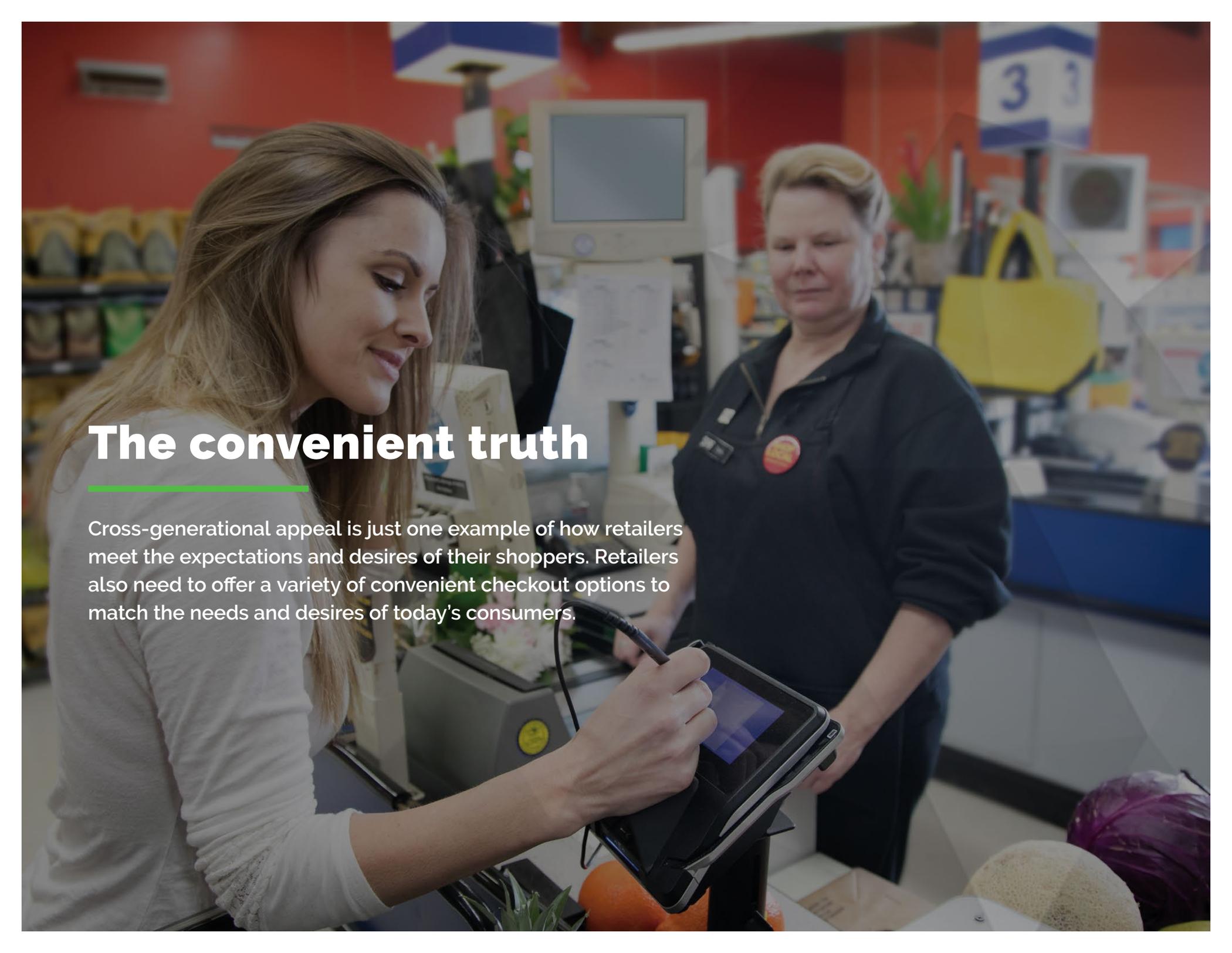
Consistent

Connected

Convenient

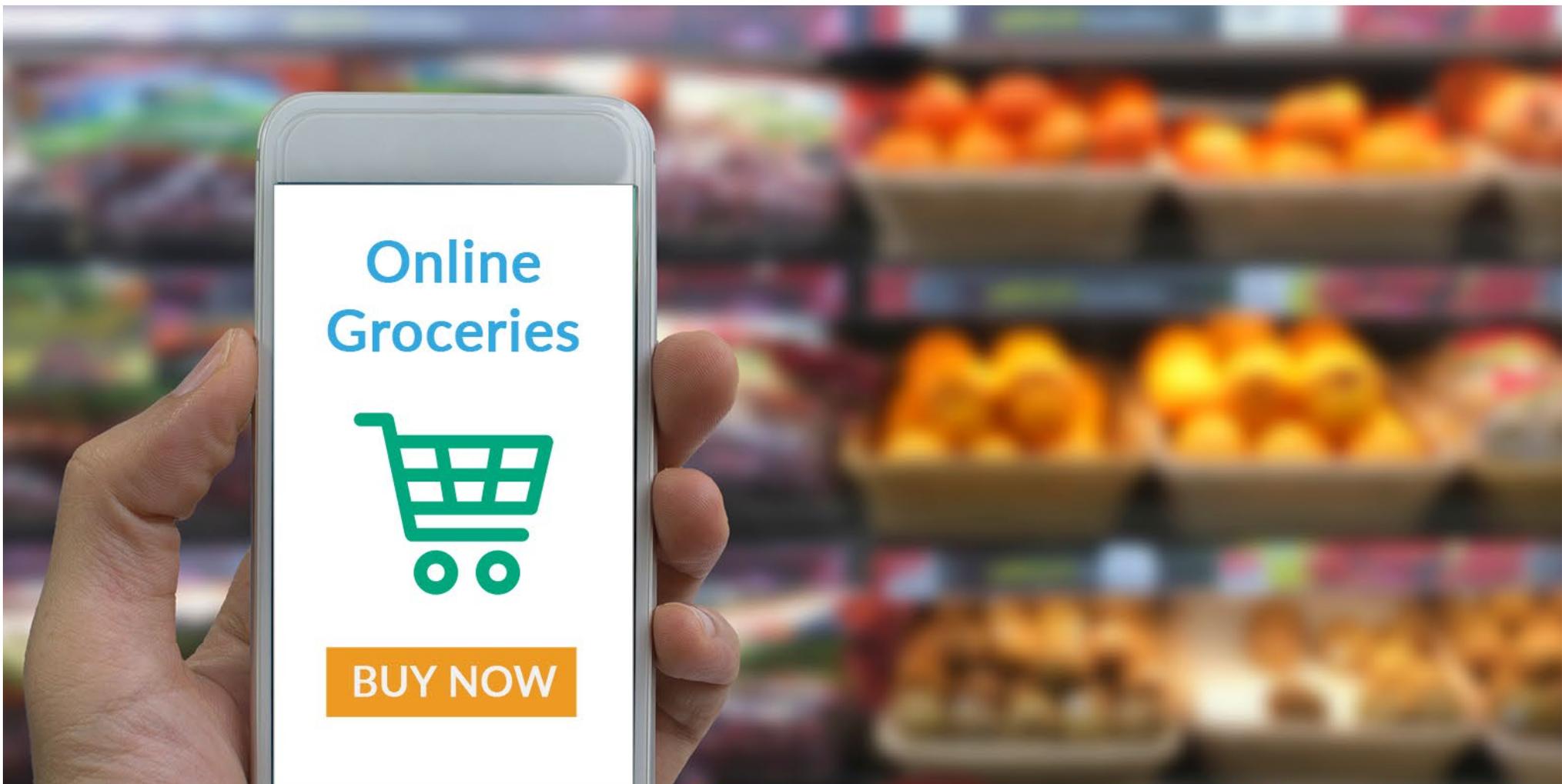
Customised

What does this mean? **Retailers cannot win against the competition by innovating for innovation's sake.** Winning retailers are those that take a digital first approach to evolving the enterprise—regardless of the channel or touchpoint—in a way that fits their brands and best serves a diverse consumer base.

A photograph of a grocery store checkout area. In the foreground, a young woman with long blonde hair, wearing a white long-sleeved shirt, is smiling and looking down at a handheld payment device. She is holding a black card reader with a screen and a camera lens. In the background, a cashier, a woman with blonde hair pulled back, wearing a dark blue uniform with a red name tag, is standing behind the counter. The counter has various items on it, including a pineapple, an orange, and a cantaloupe. The background shows shelves with products, a computer monitor, and a yellow shopping bag hanging from a rack. The overall scene is brightly lit and shows a typical grocery store checkout experience.

The convenient truth

Cross-generational appeal is just one example of how retailers meet the expectations and desires of their shoppers. Retailers also need to offer a variety of convenient checkout options to match the needs and desires of today's consumers.



The rest of the (reinvention) story

To transform the enterprise, leading with digital capabilities is the only way forward. Success lies in a retailer's ability to use technology as a tool that appeals to their customers and, at the same time, aligns to their business objectives.

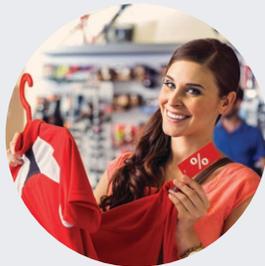
Retailers must look at a variety of investments to get what they're truly after:



Providing consumers with the **choices they expect** around shopping, payment and order fulfillment with an understanding these "choices" are **highly individualised**



Paving the way for **continued growth**, leveraging existing assets and making **strategic investments** toward the future

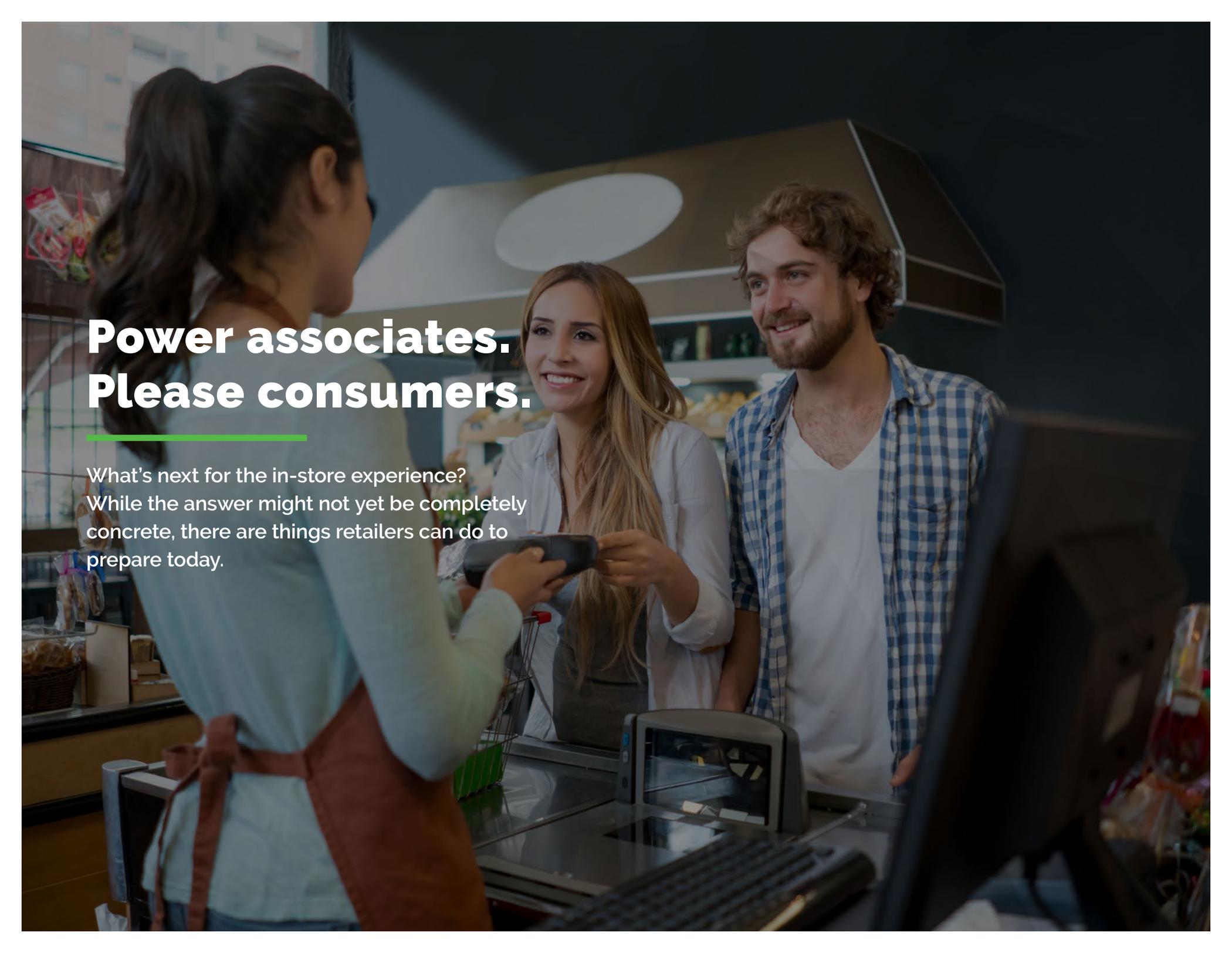


Creating connections that **drive profitability** through personalised offers and loyalty programmes that reflect a deep understanding of **shopper preferences and behaviours**



Offering experiences that appeal to a broad array of shoppers to **foster evolving relationships** with existing shoppers while **attracting new** ones

This means focusing resources on the areas in the store that can provide the most significant return on investment in terms of revenues, customer satisfaction and loyalty.

A photograph of a woman in a grocery store checkout line. She is wearing a light blue long-sleeved shirt and a brown apron. She is holding a black card and looking at a cashier. The cashier is a woman with long blonde hair, wearing a white button-down shirt, smiling. Next to her is a man with curly brown hair and a beard, wearing a blue and white checkered shirt over a white t-shirt, also smiling. They are standing at a checkout counter with a computer monitor and a scanner. The background shows shelves of groceries and a bright light fixture.

Power associates. Please consumers.

What's next for the in-store experience?
While the answer might not yet be completely
concrete, there are things retailers can do to
prepare today.

Taking a phased approach to transforming the enterprise

The future retail store won't happen overnight. Retailers must chart their own respective courses towards the store of the future, based on appealing to consumers while aligning with business objectives.



Evolution, not revolution

From enhancing assisted checkout, to implementing self-service options, to introducing mobile shopping and more—retailers must determine the pace of store transformation that fits their unique needs and best serves their shoppers.



Self checkout

The next stage in offering speed and convenience is self-checkout, which helps cut queues, moves small baskets through lines more quickly, and increases front-end efficiency.



Buy online, pick up in store

Ready to bridge the digital divide? Bring the online experience to bricks-and-mortar to answer the call for a “buy anywhere, fulfill anywhere” shopping journey.



Grab & go

Some of your shoppers may be looking for the latest in shopping innovation. Establish yourself as a leading brand with a cashierless experience.



Superior POS

The foundation of the in-store checkout experience is based on a point-of-sale system that goes beyond transactions to enable high-touch service.



Total-store self service

Expand the self-guided shopper journey to include stations for item lookup, ordering, and more.

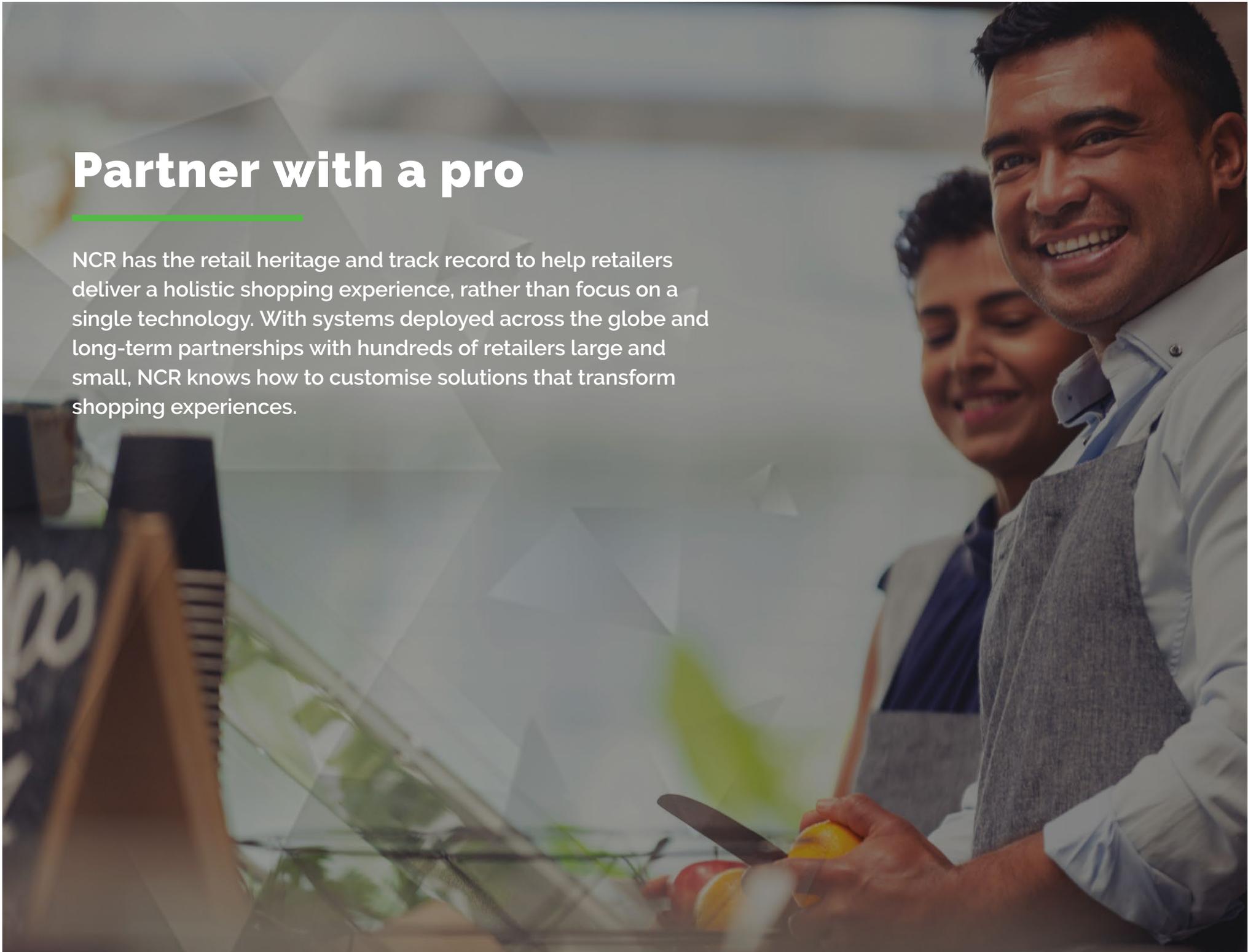


Mobile shopping

Connect with mobile-first shoppers before they even set foot in the store—increasing meaningful engagement with your brand.

Partner with a pro

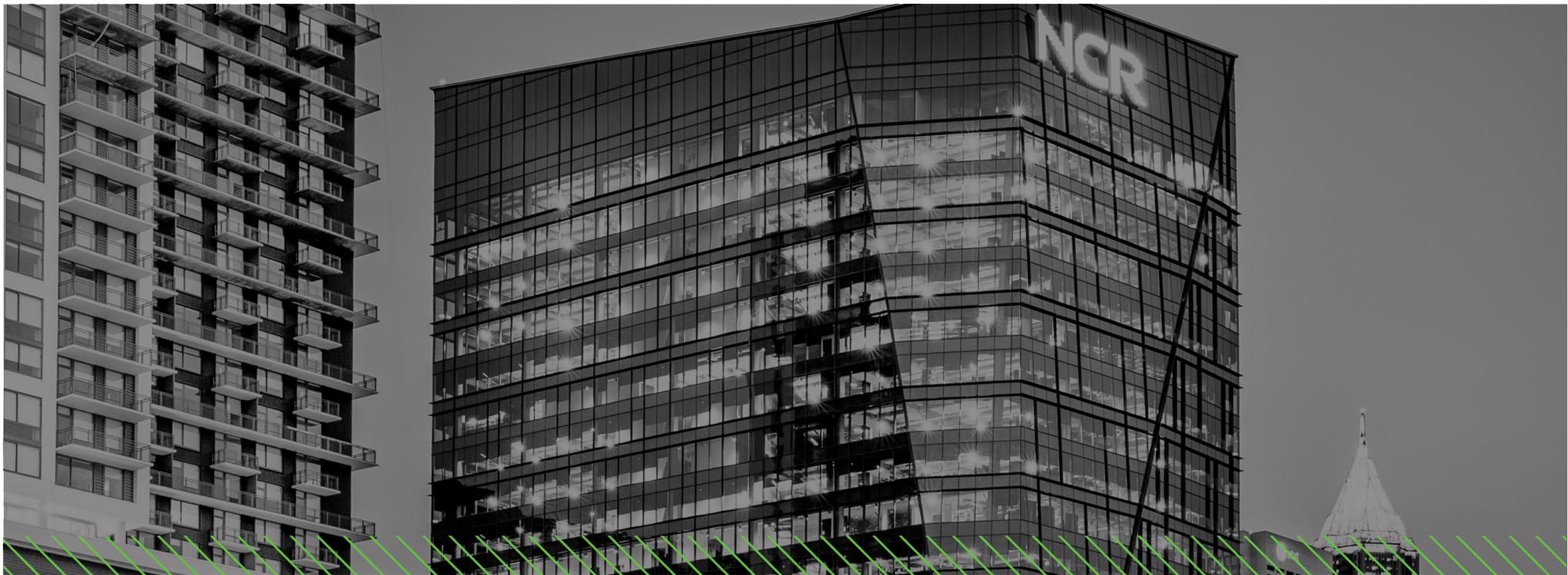
NCR has the retail heritage and track record to help retailers deliver a holistic shopping experience, rather than focus on a single technology. With systems deployed across the globe and long-term partnerships with hundreds of retailers large and small, NCR knows how to customise solutions that transform shopping experiences.





We also know something about reinvention. Since introducing the first cash register more than 130 years ago, we've been leading the progression of point-of-sale solutions, helping bring new innovations such as self-checkout to the market to meet shopper expectations. And we continue to work with retailers to prepare for a future that looks dramatically different than anything the industry has ever seen.

Ready to transform your enterprise with the right digital first approach? We invite you to reach out to us at retail.info@ncr.com—we can help you reinvent today for tomorrow's growth.



WHY NCR?

NCR is a leading technology company that brings unexpected value to every interaction between consumers and businesses. The **#1 global retail POS software** and **self-checkout provider**, we provide solutions that run the entire store.

Leading with digital to transform the physical, we help retailers create meaningful interactions anywhere they happen.

To learn how NCR's technology can help you in your transformation process go to
[ncr.com/frictionless-checkout](https://www.ncr.com/frictionless-checkout)



retail.info@ncr.com