

POLYTOUCH®



Competitive Advantages Thanks to Digitalization
in the Brick-and-Mortar Retail Trade

PYRAMID



From 2012 to 2020, online retail sales almost tripled in Germany. Brick-and-mortar retail revenue increased by about 30% in the same period. Thus, the data show: The local retail trade is not dying, however, there is a lot of competitive pressure. And the ongoing pandemic is increasing this pressure even more.

Yet, brick-and-mortar retailers can hold their ground against both online retailers and local competitors, and even gain ground, with well-thought-out digitalization strategies. Modern self-service technologies at the POI and POS are one of the decisive elements. Self-service terminals that meet customers' high expectations are the best brand ambassadors and strengthen their operators' competitiveness. One area of digitalization technology that has only recently entered the retail sector, but is spreading rapidly, is AI.

Due to the strong internal differentiation within the retail trade by industry and by business model, there is no one golden road to successful digitalization. Each retailer has to determine for itself which combination of digital building blocks will afford the greatest benefits to its customers, its employees and itself. This white paper will support you in your decision-making process.

„Digitalization will not go away. What will go away is the idea that it will go away.“ (Pachmajer and Hentrich)



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Information & Cross- and Upselling with Polytouch® CURVE

1. Digitalization at the Point of Information

Two thirds of Germans (63%) still buy clothes in physical stores. One third (36%) prefer the Internet. Fashion and accessories have been the top-selling e-commerce products for a long time now. The trend towards online shopping in this sector is ongoing.

A continuing shift from in-store to e-commerce is expected in the next five years – by as much as 13%.

One idea to make local shopping in person more attractive is the digitalization of the point of service, i.e.,

those areas where articles are exhibited and customers receive advice. Unlike online retailers, it is difficult for physical retailers to exhibit their entire product range. Items may be out of stock because they are sold out, or because there is not enough space in the store to stock them.

In addition, there is often a lack of personnel resources to provide prompt service to waiting customers.

Information terminals with large-format interactive displays are the solu-

tion to both problems: they provide immediate access to a more extensive range of articles by acting as a virtual shelf, and they can virtually extend the exhibit area to infinity („endless aisles“).

With just a few interactions, customers can use the display to find out what the retailer may have in store for them online or in other stores. For immediate purchases (impulse buying) at the point of information, the terminals can be equipped with a payment module.



Endless aisle + product advice = Polytouch® MIRROR

Detailed information on an item, for example in the form of interactive slideshows or videos, is always just a touch away: tips on how to wear a garment, on personal care offerings, or on matching accessories. For customers, digital advice is a service that enhances their shopping experience; for retailers, it is an opportunity to increase sales through cross-selling and upselling.

Retailers that have both physical and online stores and have seamlessly linked both sales channels using unified commerce can use the tracking data generated during the customer's visit to the web store at the online touchpoints for individualized consultations and promotions in the physical store. Customized marketing messages can then be displayed at the terminal where the customer has logged in.

It is not only the clothing and fashion retail trade that can reap the benefits of digitalization at the POI. Informational terminals can give customers in consumer electronics stores interactive multimedia advice on the features of specific televisions, print-

ers, cell phones or washing machines. In home improvement stores, they can demonstrate how to use tools and how to apply paints and varnishes correctly. In home furnishing stores, they can provide information on furniture that is sold out in that particular store but is still available from other stores. In grocery retail stores, they can suggest recipes.

Interactive mirrors have been designed exclusively for fashion and sporting goods stores to make available the benefits of endless aisles, digital product presentation and customer consultation in the fitting room and on the shop floor. When a customer takes their selection into the fitting room, the mirror recognizes the garments via RFID and can recommend alternative tailoring or matching accessories. The customer can then request that these items be brought in for a fitting with the touch of a button.

The appeal of this kind of "magic mirror" is already delighting customers of sporting goods manufacturer Adidas and fast fashion company Zara, among others.



Self-Checkout with Polytouch® FLEX

2. Digitalization at the Point of Sale

Don't miss out!

Self-checkout technology is one digitalization building block that is important across industries. The Adyen Global Retail Report for 2019 reveals that 70% of surveyed consumers said they had abandoned a purchase and left a store due to long lines. 41% of respondents said they preferred the retailer with the best expectation of checking out without a long wait.

Self-checkout terminals defuse the conflict zone in front of checkouts by providing additional capacity for completing purchases. This reduces waiting times – even for those customers who prefer the conventional checkout process. The positive psychological aspects of self-service should not be underestimated either: it releases the customers from passively waiting in line and puts them in charge. Even the checkout speed is determined by the customer and not by others. The fact that self-checkout technologies benefit not only the big players and their customers, but also medium-sized and small retailers, is demonstrated, for example, by the TeeGeschwendner specialty store in Nuremberg.

The pandemic experience has permanently changed consumers' hygiene awareness. 51% of the approximately 25,000 consumers surveyed worldwide in the Adyen Retail Report for 2020 expressed an expectation that retailers will provide technologies that enable social distancing.

Self-service terminals in conjunction with contactless payment meet this new customer need, which was virtually absent from the discussion of the benefits of self-service technologies before the pandemic.



By using self-checkout technologies, retailers not only increase the attractiveness of their business to customers. Self-checkout terminals also relieve employees of the mind-numbing cashier tasks and free up capacity for other urgent tasks, such as shelf maintenance, decorating, or advising customers.

The EHI study Technology Trends in Retail shows that many retailers have recognized the benefits of self-checkout for their customers and themselves: 30% of respondents named digitalization at the POS as one of the most important developments in the next three years. Consumers also regard self-checkout as the future of making purchases: according to the study The Future of Shopping presented by Kantar, the world's second-largest market research company, on behalf of ERP and CRM provider COMARCH, 86% of the more than 3,000 respondents (ages 18–65) expect cash registers to be largely replaced by digital or mobile payment methods by 2030.

The digitalization of the POI and POS also has a signal effect on customers that should not be underestimated: it proves that the retailer is on the cutting edge with advanced technologies, demonstrating that it values its customers and goes to great lengths to make them feel comfortable. If customers are delighted by their shopping experience, this strengthens their loyalty to the company and the brand.

According to an analysis by Bain & Company, companies that achieve a high level of customer loyalty can increase their earnings by four to eight percent compared to market average.



Self-Checkout with Polytouch® NANO



Self-Checkout with Polytouch® NEXGO



Self-Checkout with Polytouch® NANO

3. Self-Service Technology as an Investment in the Future

Digitalization requires considerable investment from retailers. In order to achieve a high return on investment in the long term, self-service solutions must be chosen prudently and carefully. Solutions from specialists with many years of experience who know what is important when designing kiosk terminals and implementing them in a store concept offer a number of advantages that benefit retailers and customers alike over competitors in the Far East. Among the pros are reliable technology, proven over years of

24/7 continuous operation, and a high degree of modularity. The latter allows the kiosk to be equipped with a selection from a wide range of peripheral modules (scanner, payment, printer, camera, audio jack, etc.), to match a whole spectrum of applications. The modules should be ergonomically arranged within an interaction area that is as small as possible, so that all the steps needed to operate the terminal are intuitively

TODAY'S CUSTOMER IS EDUCATED, INFORMED AND MEDIA-SAVVY. THE CUSTOMERS' NEW AUTONOMY IS CURRENTLY RAISING THE NEED FOR AUTOMATED, SELF-SERVICE PROCESSES.

obvious to the customer. An LED user guide can provide even greater usability by guiding the customer through the self-service process and pointing out, for example, where and how to insert their loyalty or credit card into the reader. The result is self-service that is

intuitive from the very first time the terminal is used. Another aspect that should not be overlooked when selecting future self-service technology is development potential. This requirement is met by a terminal if its technical design has the potential to meet the demands that customers and

operators will place on its application range and performance in the medium term. Additionally, space is a precious commodity for almost every store operator, which is why the space requirements of a kiosk terminal are also important: the more compact or slim a solution is, the easier it is to integrate into existing store concepts, and the more space

remains available for the articles and services on offer. Another benefit of having a renowned kiosk manufacturer as a technology supplier is that it has a proven and extensive network of software partners.

Together, they can effectively support the retailer in designing user interfaces and workflows tailored

to this specific use case or help the retailer implement already existing solutions within the new concepts.

4. Digitalization With Artificial Intelligence

Digitalization is not only taking place at the touchpoints on the sales floor, but also in the back office. In almost all surveys regarding important future retail developments, AI applications top the list. In the aforementioned EHI study, this topic ranked first at 63%.

A major German retailer is demonstrating what artificial intelligence can do for the retail industry in addition to the frequently discussed data-driven decision making: it is developing powerful servers to operate AI-supported software solutions that, in conjunction with processes driven by computer vision, record what is happening in the store to analyze and evaluate it in real time. Autonomous actions are then derived from the results, without human intervention.

The scope of such intelligent applications is wide. Based on customer traffic on the floor, they can precisely calculate staffing requirements at conventional checkouts for the next 10, 15 or 20 minutes. With the help of age and gender recognition methods, the content displayed on an advertising terminal can be tailored exactly to the customers in its vicinity – for example, sportswear for an athletic male or toys for a young woman with a baby carriage.



AKHET® KI Server powered by NVIDIA®

AI makes many things possible!

Another use case is theft prevention. For many years, the German retail sector has been waging an expensive and often unsuccessful battle against shoplifters. In 2020 alone, retailers invested almost EUR 1.45 billion in loss prevention and security measures. Despite this, opportunistic and professional thieves managed to snatch goods worth EUR 3.75 billion! The reason for their fraudulent success lies in their increasingly sophisticated approach and the impossibility of staff keeping a constant eye on every part of the space. This is exactly where the AI-powered solution comes in: using cameras to keep an eye on the entire store from opening to closing. If the application detects any anomalies, it immediately triggers a notification to the store management, who can investigate and determine the facts in a timely manner. Even these few examples make it clear that the retail sector is right to pin great hopes on AI.

Digitalization is both an immense challenge and an opportunity for the retail sector. Many retailers know that it would be unwise to sit out or avoid digitalization. After all, it is already in full swing and those who understand and take advantage of its benefits will significantly strengthen their competitive position.



Self-Checkout with Polytouch® 32" PASSPORT

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