Aptos & Retail Systems Research Report

Evolving omnichannel:

What role does the physical store play for retailers?

aptôs®   In collaboration with   **Retail Systems**

Introduction

As shoppers returned to the High Street following the pandemic, they brought with them new demands; the stores have had to adapt. Some retailers, for example, have attempted to replicate the ease and flexibility of e-commerce in their stores whilst also exploring how they can make their brick-and-mortar experience unique for customers.

Many retailers are now looking at how everything from personalisation to unified commerce can create seamless omnichannel experiences across their physical and digital ecosystems.

Methodology

Retail Systems and Aptos recently surveyed 100 retail professionals* based in the UK to assess the role of the store, technology, and unified commerce as part of their omnichannel journey.

*Answers that do not add up to 100 per cent are multiple choice / were not answered by all respondents.

Contents

Cobbling together disparate technologies can often lead to data silos and inefficient processes. Given this, it's promising to see that the largest proportion of respondents – almost a third – said that rolling out a unified commerce platform is a top priority when it comes to providing a successful omnichannel journey for customers.
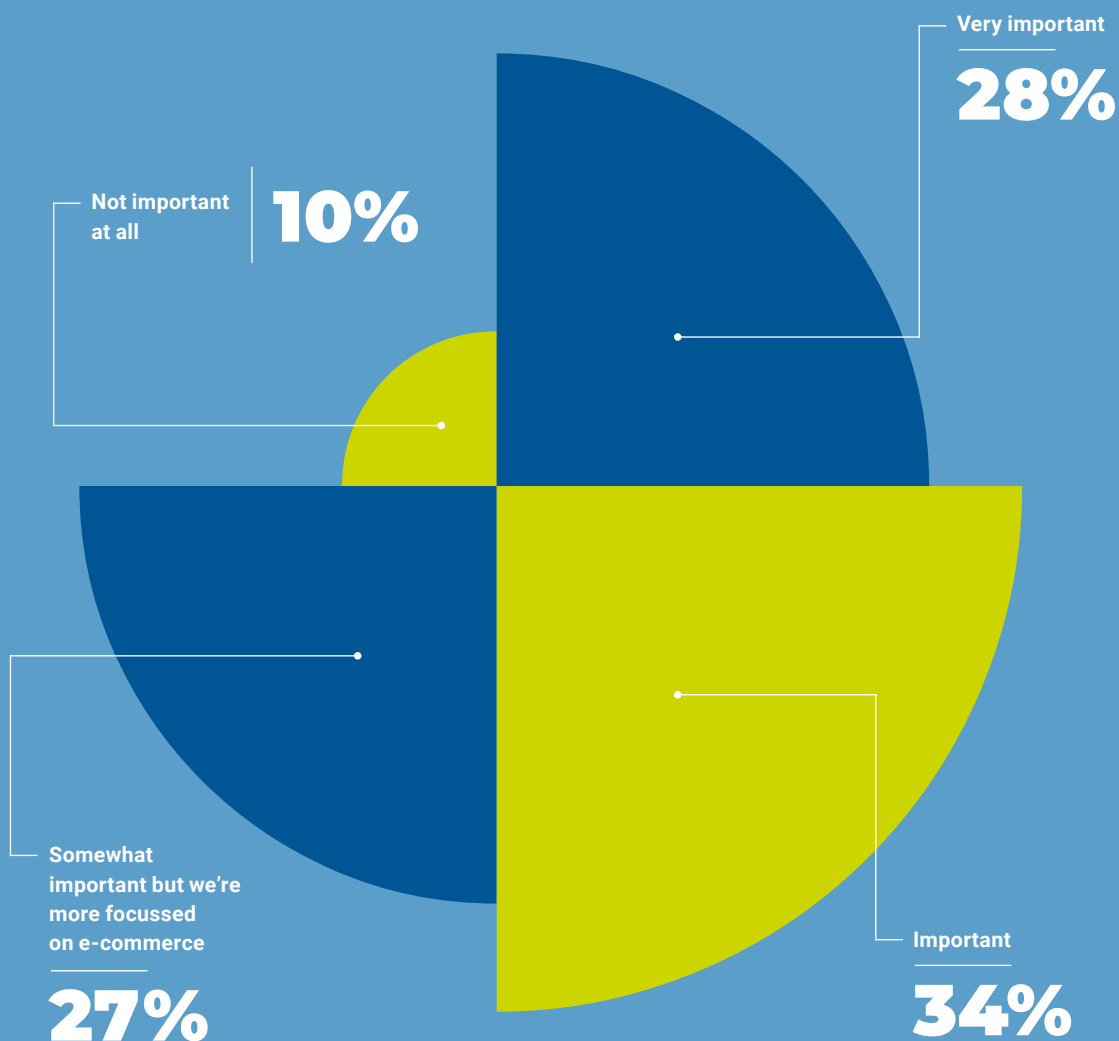
Implementing a unified commerce platform can help integrate back-end systems with sales channels, which in turn creates a holistic shopping experience whereby processes move at a faster and more efficient pace.

Investing more in e-commerce and physical stores was also found to be important for retailers, with a quarter and just over a fifth selecting these options, respectively.

Rolling out a unified commerce platform is a top priority.

%	Priority
30%	Rolling out a unified commerce platform
25%	Investing more in e-commerce
25%	A simple returns process
22%	Investing more in stores
20%	Using data to track consumer behaviour
20%	Personalisation
10%	Implementing advanced technologies, i.e. GenAI, LLMs, metaverse
8%	Achieving seamless last-mile deliveries
5%	Providing a consistent experience across all sales channels
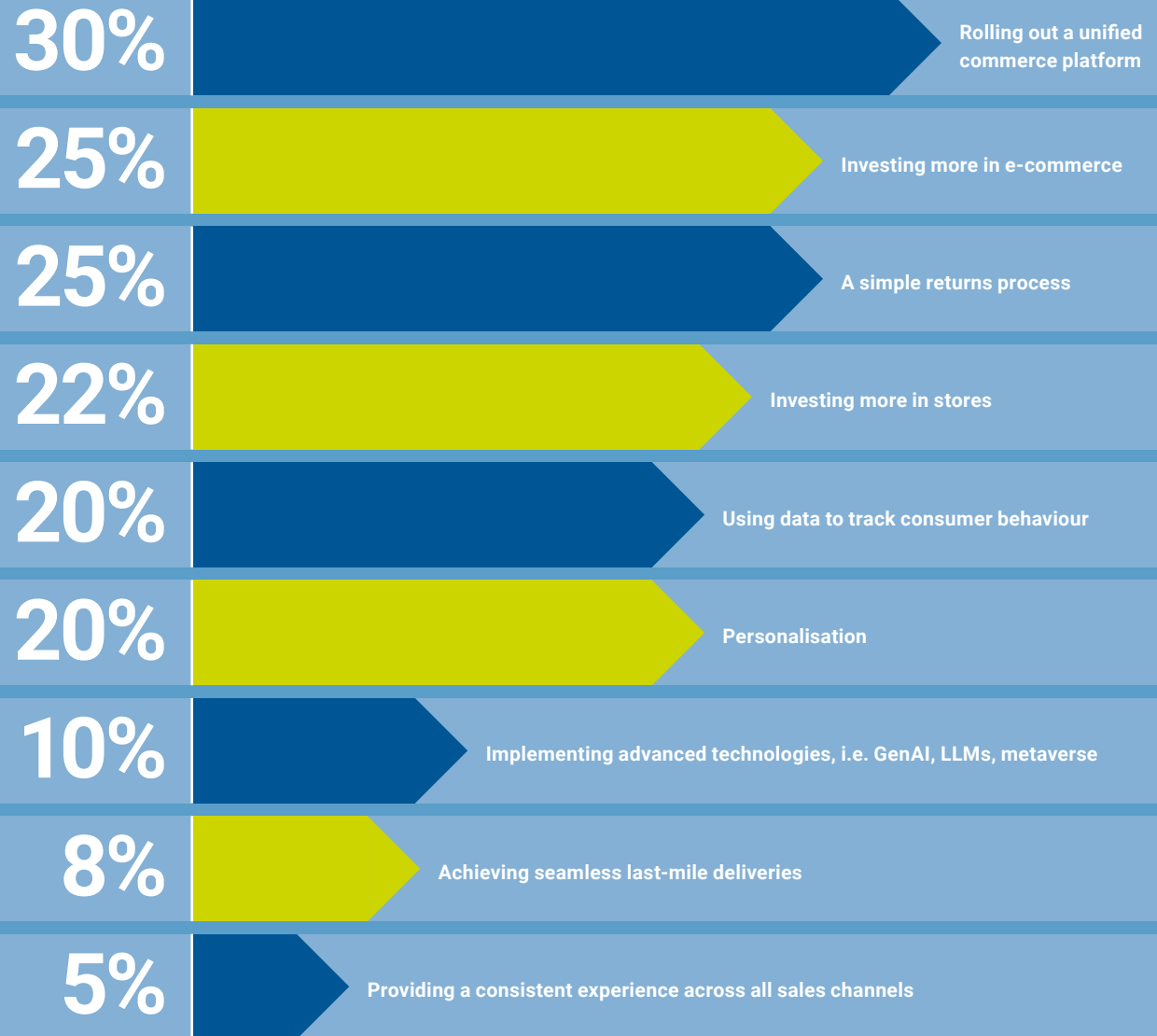
How important is the role of the store in your organisation's omnichannel strategy? (select one option)

Very important
28%

Not important at all
10%

Somewhat important but we're more focussed on e-commerce
27%

Important
34%

Given that the store is often the key foundation for a consumer's experience with a brand, it's promising to see that the majority of retailers – a combined 62 per cent – think that the role of the store as part of their omnichannel strategy is either 'very important' or 'important'.

Not surprisingly, only 10 per cent of respondents said the store is 'not important at all'.

The one in 10 retailers that believe the store isn't important at all are missing out on a range of benefits, including building consumer trust, providing memorable face-to-face customer experiences, and ultimately developing a wider community of valued shoppers.

62% of retailers believe the store is a **'very important'** or **'important'** part of their omnichannel strategy.
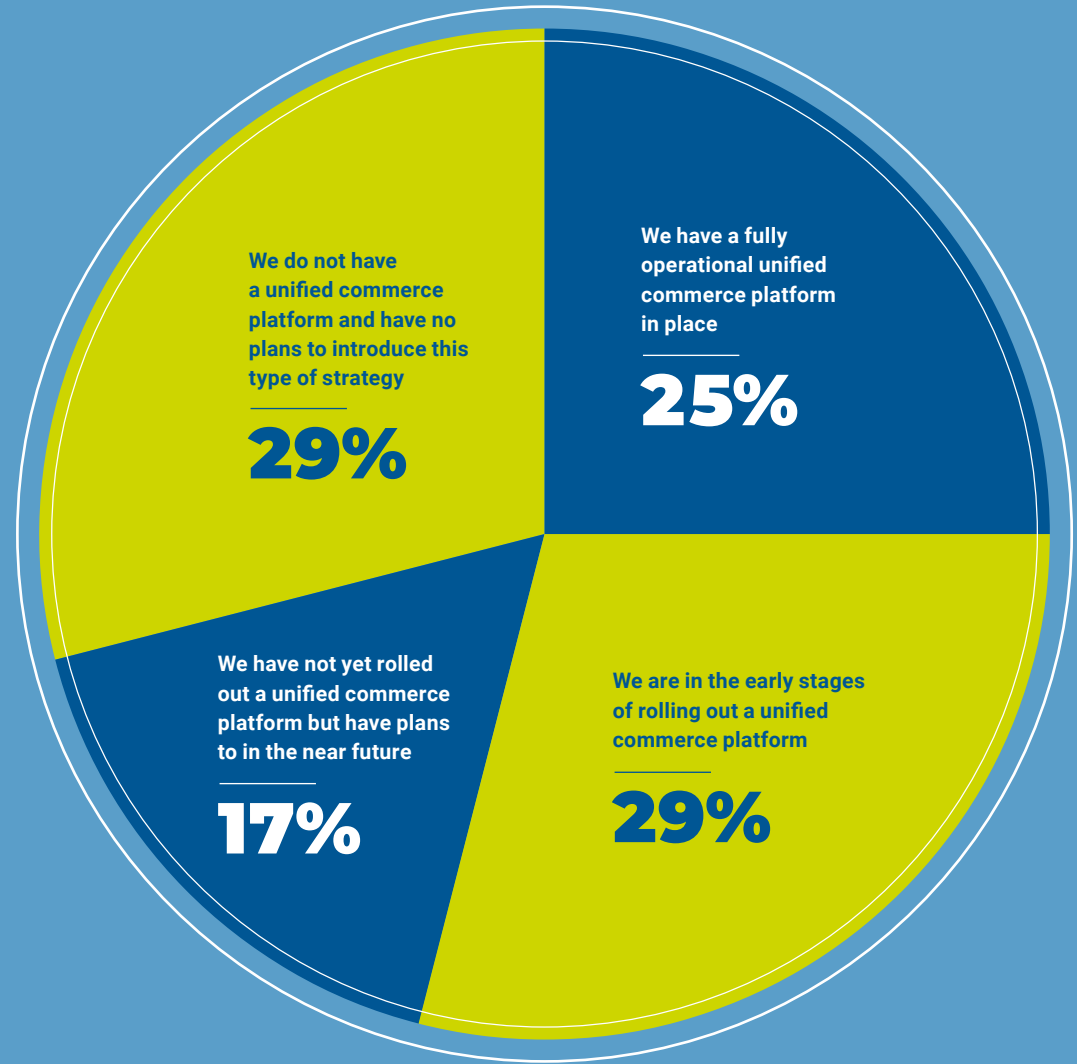
How far advanced is your organisation in introducing a unified commerce strategy? (select one option)

The results show that the majority of respondents – a combined 71 per cent – are on a unified commerce journey, with varying levels of maturity, ranging from already having implemented a unified commerce platform to 'coming soon'.

The almost 30 per cent who said they have no plans to roll out a unified commerce strategy could be missing out on everything from improved inventory management and operational efficiency to seamless customer experiences and a better understanding of their data.

Over 70% of retailers are on a unified commerce journey.

We do not have a unified commerce platform and have no plans to introduce this type of strategy
29%

We have a fully operational unified commerce platform in place
25%

We have not yet rolled out a unified commerce platform but have plans to in the near future
17%

We are in the early stages of rolling out a unified commerce platform
29%

Just under 30 per cent of respondents said that lack of focus on in-store experience or over-indexing on e-commerce were barriers to implementing a unified commerce strategy. This finding demonstrates the need to have a more balanced approach to the omnichannel strategy – which puts focus on both e-commerce and brick and mortar stores.

Budget and cost restraints – an ongoing pain point for retailers as they face everything from supply chain disruption to the cost-of-living crisis – were shown to be barriers for a quarter of respondents. Ultimately the improved sales results and operational efficiencies associated with unified commerce platforms would certainly help offset any costs for the technology in the long run whilst also improving the experience for customers, store staff, and those working behind the scenes.
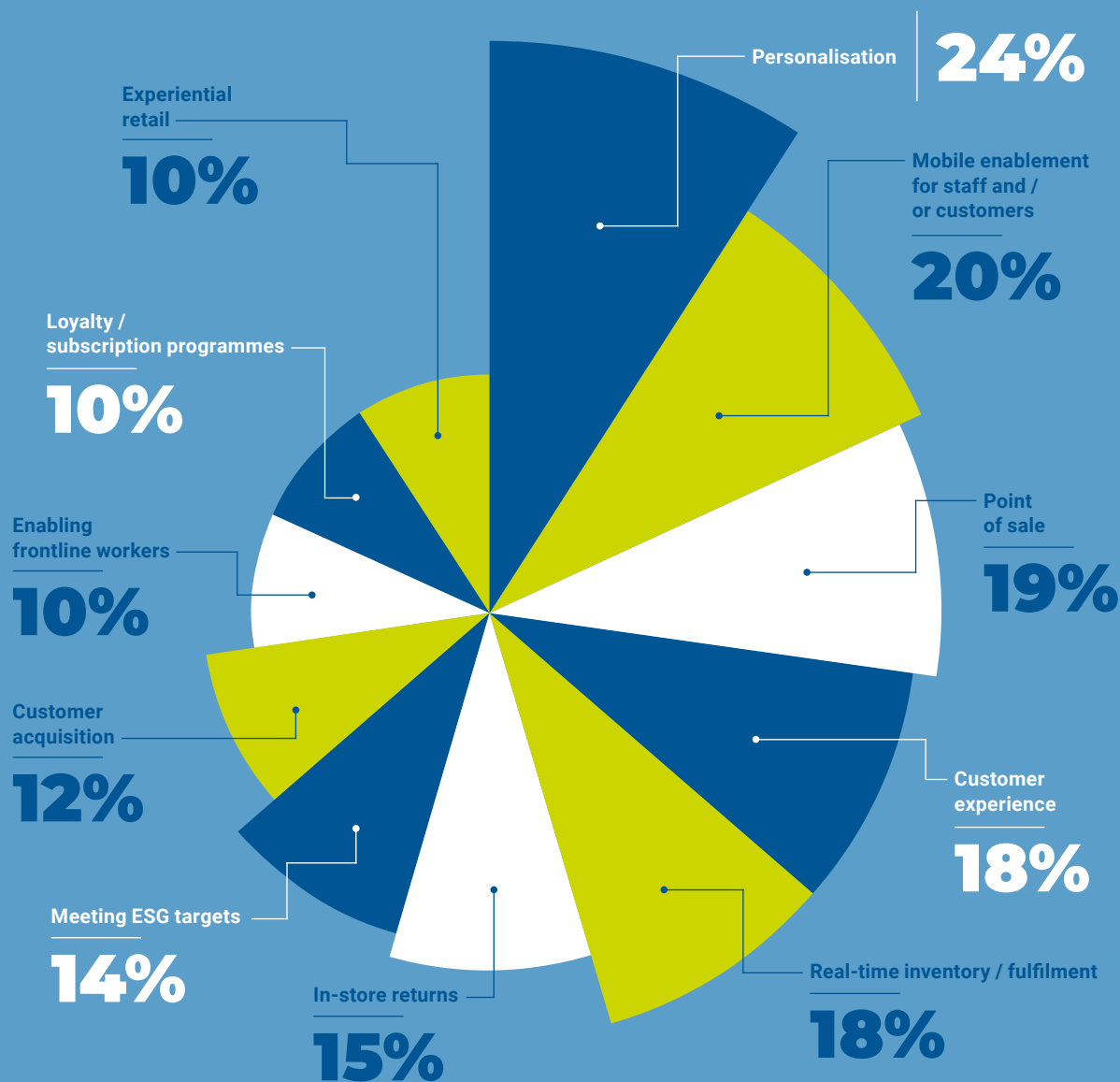
Just under a fifth of respondents said they are currently unclear about what their unified commerce strategy should be, while a similar number of retailers – 18 per cent – said that data silos were a challenge.

28% Lack of focus on in-store experience / over-indexing on e-commerce

25% Budget / cost restraints

19% Unclear what our unified commerce strategy should be

18% Data silos

16% Departmental silos

15% Time length to roll out

15% Lack of resources / training / in-house skills

14% Data governance / security concerns

7% Lack of knowledge about unified commerce
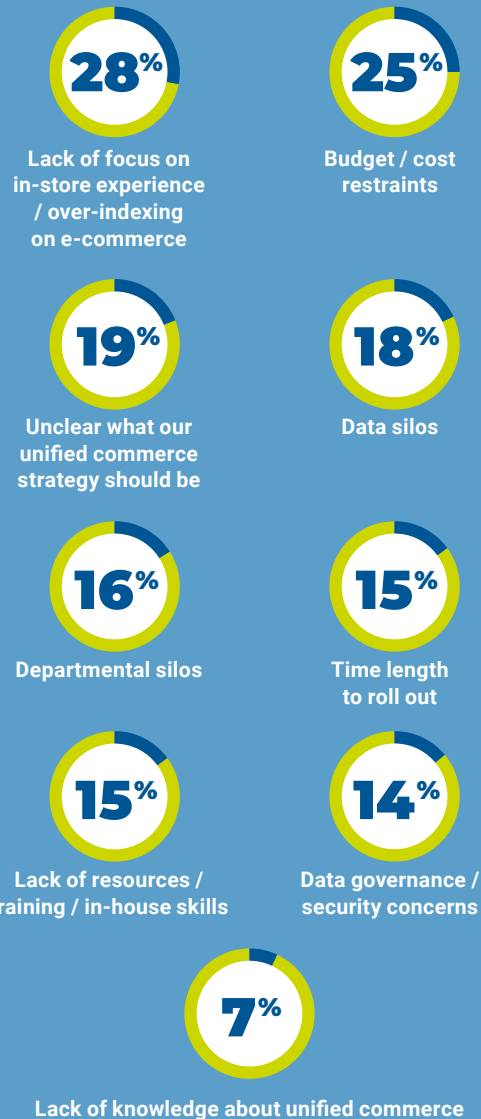
Unclear strategy and lack of unified commerce knowledge plague a combined 26% of retailers.

Personalisation | **24%**

Mobile enablement for staff and / or customers **20%**

Experiential retail **10%**

Loyalty / subscription programmes **10%**

Enabling frontline workers **10%**

Customer acquisition **12%**

Meeting ESG targets **14%**

In-store returns **15%**

Real-time inventory / fulfilment **18%**

Customer experience **18%**
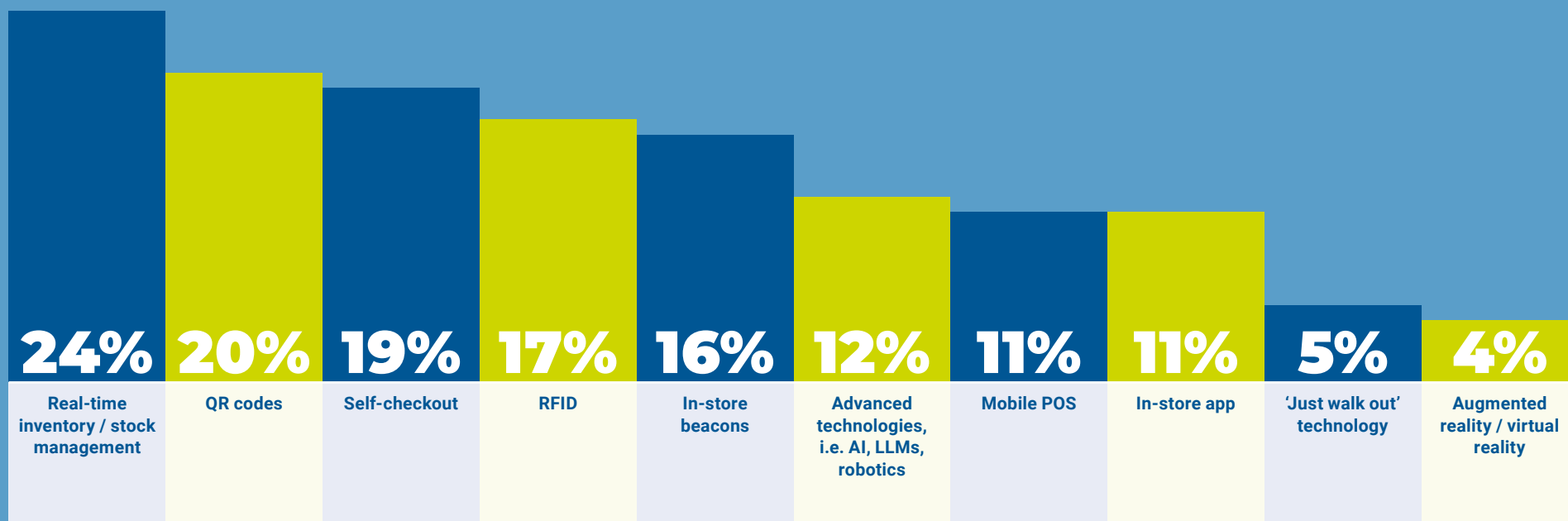
Point of sale **19%**

Given that earlier results identified personalisation as the fourth most important priority for retailers when it comes to the omnichannel journey, it's interesting to see that in the case of the physical store, the highest proportion of respondents – just under a quarter – said that it was a top priority.

Mobile enablement for staff and / or customers was highlighted as a top priority by a fifth of retailers. Mobile enablement can be directly linked to achieving personalisation in the store because floor staff can use mobile technology to access further information about and for their customers that will enable them to deliver tailored experiences.

Personalisation, mobile enablement, and POS rank the highest for physical store strategies.

Which of these technologies is your organisation currently rolling out in-store? (select all that apply)

24%	20%	19%	17%	16%	12%	11%	11%	5%	4%
Real-time inventory / stock management	QR codes	Self-checkout	RFID	In-store beacons	Advanced technologies, i.e. AI, LLMs, robotics	Mobile POS	In-store app	'Just walk out' technology	Augmented reality / virtual reality

The results show that the technology being rolled out the most by retailers is real-time inventory and stock management – chosen by nearly a quarter of respondents. There is ongoing pressure across the retail industry – particularly in areas such as the fashion world, where there are constantly changing ranges – to have a clear and accurate understanding of inventory. Higher rates of theft in the UK also make it even more of an imperative for retailers to understand exactly where shrinkage could be coming from so they can take action to address it.

Consumers were forced to try QR codes during the pandemic; as a result, they are now much more willing to use this kind of technology. Given this, it's not a surprise that a fifth of respondents are currently rolling out QR codes in-store.

Nearly a quarter of retailers are rolling out real-time inventory / stock management technologies.

Where would AI most benefit your organisation within the physical store? (select top three)

The results show that security and safety are the areas in which AI is considered most beneficial for the highest proportion of respondents. It's likely that the rise in shoplifting and abusive behaviour in stores over the past 18 months has significantly influenced this result.

A further 24 per cent said applying AI to in-store stock and inventory management was a top-three benefit within the store, an unsurprising result given the ever-increasing costs of inventory and the need to maximise the productivity of every piece. AI can help optimise demand forecasting, reduce errors, and optimise order fulfilment, improving inventory productivity while also improving the customer experience by ensuring staff know exactly what they have in stock – and where it is.

%30 Security / safety

%24 In-store stock and inventory management

%19 Experiential retail, i.e. immersive and interactive experiences including touch screens and smart mirrors, VR, and AR

%16 Predictive analytics

%13 Store navigation apps for customers

%12 Tracking orders and locating items in-store

%11 Boosting productivity for store managers

%9 Improving productivity for store associates / shop floor staff

%9 Supporting staff to provide better customer experiences

%3 Personalisation (including product recommendations)

Retailers have an appetite to leverage AI in-store for security / safety, stock management, experiential retail, and more.

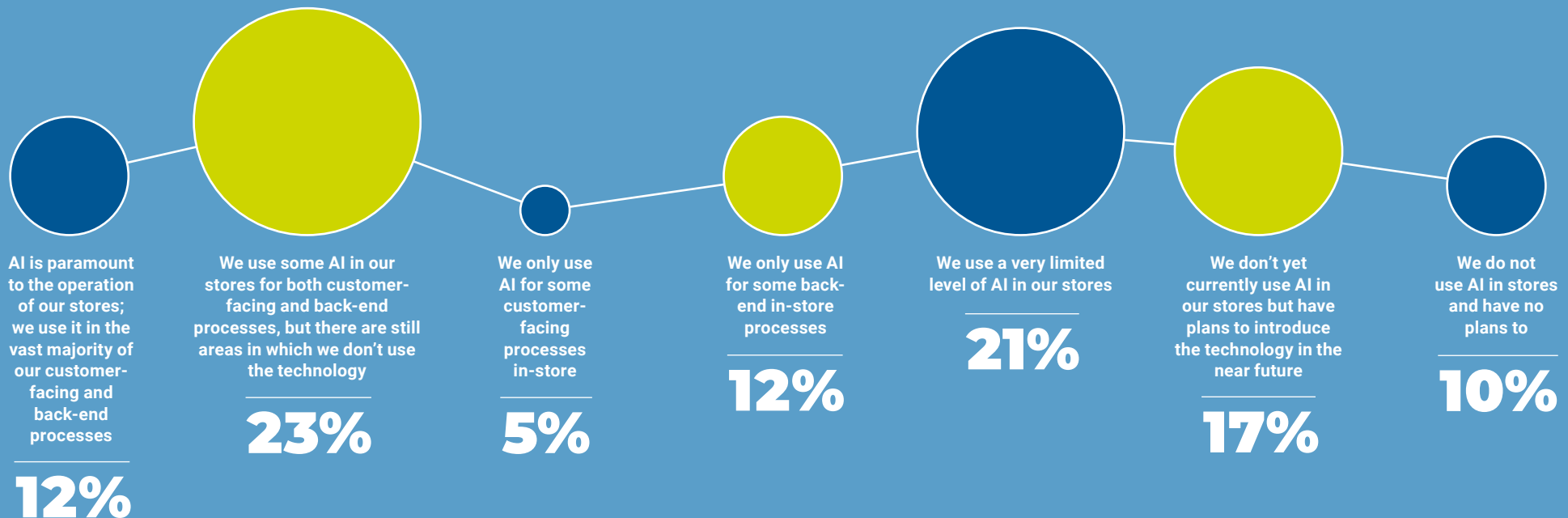# To what extent is your organisation incorporating AI into its in-store strategy? (select one option)

It appears that the vast majority of retailers – a combined 73 per cent – are currently using some level of AI as part of their in-store strategy.

But it is clear from the results that there is a fair amount of experimentation happening, with a combined 35 per cent of respondents using the technology for both customer-facing and back-end processes. However, the number of respondents using the technology only for back-end processes was more than double the number

using it only for customer-facing processes – reinforcing the notion that for many retailers AI is more often being dedicated to operational tasks when it comes to the store.

It's encouraging to see that the 17 per cent of retailers that aren't yet currently using the technology are planning to roll it out in the future, with only 10 per cent of respondents saying they are not using AI in stores and have no plans to do so.

AI grows in adoption with keen interest in optimising in-store operational tasks.

AI is paramount to the operation of our stores; we use it in the vast majority of our customer-facing and back-end processes

12%

We use some AI in our stores for both customer-facing and back-end processes, but there are still areas in which we don't use the technology

23%

We only use AI for some customer-facing processes in-store

5%

We only use AI for some back-end in-store processes

12%

We use a very limited level of AI in our stores

21%

We don't yet currently use AI in our stores but have plans to introduce the technology in the near future

17%

We do not use AI in stores and have no plans to

10%

Conclusion

Recent years have brought myriad challenges to the retail sector; yet improving economic conditions – and consumers' steadfast commitment to stores – have buoyed retailers' confidence in the future.

With this boosted confidence comes a willingness to increase investment in both stores and omnichannel strategies; however, as shown by our study, these priorities and investments are wide-ranging.

While retailers will never be fully immune to 'shiny object syndrome', the report data shows a growing awareness in foundational strategies and technologies that will help retail businesses compete better – now and in the future.

Primary among these investments is unified commerce, with over 70 per cent of respondents indicating that they are on a unified commerce journey.

Another common theme seen throughout the research is the relevance of the store. Nearly two-thirds of the survey respondents indicated that the store is a 'very important' or 'important' part of their omnichannel strategy.

As retailers look at upleveling their physical stores and where to prioritise, initiatives related to personalisation, mobile enablement and POS are receiving the most attention. And when it comes to AI, adoption is healthy in the store setting, with 73 per cent of survey respondents using some level of AI already as part of their in-store strategy.

In terms of what's currently being deployed most frequently within the store environment, nearly a quarter of retailers have active technology projects related to real-time inventory / stock management.

When zooming out on these findings, the momentum is obvious: retailers are investing in the tools and strategies that will allow them to most optimally connect customers with products. Investment in and enablement of store staff is a key part of that equation.

The savviest retailers are realising the path forward is no longer about investment in stores versus investment in digital. Success in today's retail climate requires reinventing stores for a digital-first world and keeping stores and online working seamlessly to support ever-evolving customer expectations.