

The Connected Store: Putting Customers, Colleagues, and the Shelf at the Centre of Retail Transformation

Whitepaper
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The Connected Store

Retailers must connect the customer, store colleagues, and the shelf to create a truly connected store ecosystem.

Digital transformation is reshaping retail, with e-commerce growth and retail media becoming vital for profitability. However, **it is clear that customers still want physical stores**. A McKinsey report shows that 60% of U.S. shoppers prefer hybrid shopping, merging online research with in-store purchases, underscoring the lasting significance of physical stores in the shopping journey.

To successfully integrate digital transformation, retailers must connect **customers, store colleagues**, and the **shelf**, creating a connected store ecosystem. In a competitive environment, physical stores should act as agile, data-driven hubs that enhance customer experiences and empower associates. This holistic approach improves operations, optimizes inventory, and delivers personalized experiences, ultimately boosting customer satisfaction and loyalty.

A woman with long dark hair, wearing a white short-sleeved shirt and olive green trousers, is sitting on a wooden bench outdoors. She is looking down at a smartphone in her hands. Next to her on the bench are two shopping bags: a brown paper bag and a woven basket. The background shows a modern building with large windows and a glass door. A semi-transparent dark grey box with white text is overlaid on the right side of the image.

60%
of US shoppers
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methods

Connecting the Customer to the Shelf

A critical component of the connected store is providing real-time visibility of product availability and pricing for both customers and associates. Digital solutions enable seamless interaction among customers, staff, and shelves.

Digital Pricing and Smart Shelves

Electronic Shelf Labels (ESL) provide real-time pricing accuracy, reducing customer confusion and enhancing trust. Store associates also benefit from these updates, allowing them to assist customers confidently without the need for time-consuming verification through outdated systems.

Interactive Shelving Technology

Smart shelves and IoT technology enable customers to engage with products uniquely, using sensors to track interactions and trigger personalized content on screens or mobile devices. For store associates, these shelves offer real-time inventory visibility, helping them assist customers effectively and maintain well-stocked shelves.

Real-Time Inventory Tracking

Smart shelves linked to the inventory system monitor product levels and alert staff when restocking is needed. This enhances operational efficiency, reduces stockouts, and allows associates to prioritize personalized service over stock management.

This level of connectedness is key, particularly when **First Insight (2021)** found that

71%
of consumers spend more per transaction in physical stores than online

driven by the tactile experience and personalized service they receive in-store.

Linking the Shelf to the Supply Chain for Better Orders and Efficiency

Connecting shelves to the supply chain through **data-driven inventory management** enables smarter, more efficient inventory decisions, enhancing customer satisfaction and operational performance. This integration ensures product availability, improves efficiency, and boosts customer loyalty, reflected in higher **Net Promoter Scores (NPS)**.



-7%

*Overstock
Reduction

-7%

*Operational
Profit impact

-49%

*Waste reduction
23 vs 24

***Vusion 360° Store**
Kavanagh's Belsize
Park London

Automated Stock Replenishment

Connecting smart shelves to the supply chain allows stores to automate replenishment orders based on real-time data, ensuring popular items are restocked before running out and minimizing lost sales. AI-driven analytics enhance demand forecasting, ensuring the right products are available when needed.

Optimized Orders

Data from smart shelves integrates with the supply chain system, enabling efficient ordering based on real-time inventory levels, demand patterns, and historical sales. This results in more accurate orders, reduces overstocking and under-stocking, and minimizes waste, enhancing supply chain efficiency.

Enhanced Supply Chain Visibility

Connecting store shelves to the broader supply chain provides retailers with a comprehensive view of product movement, enhancing coordination and optimization. This visibility reduces delays, improves on-time deliveries, and ensures shelves are consistently stocked.

Better-Run Stores, Happier Customers, and Engaged Associates

Integrating customers, associates, shelves, and the supply chain within a digital ecosystem leads to **better-run, more profitable stores**. This interconnected strategy enhances operational efficiency, improves customer experiences, and empowers employees.

Increase your NPS and ENPS scores with Connected store solutions



Happier Customers

A frictionless experience with real-time inventory, pricing agility, and personalized service boosts customer satisfaction and loyalty, resulting in higher NPS scores. First Insight (2021) found that customers tend to spend more in-store, underscoring the importance of enhancing the physical store experience.



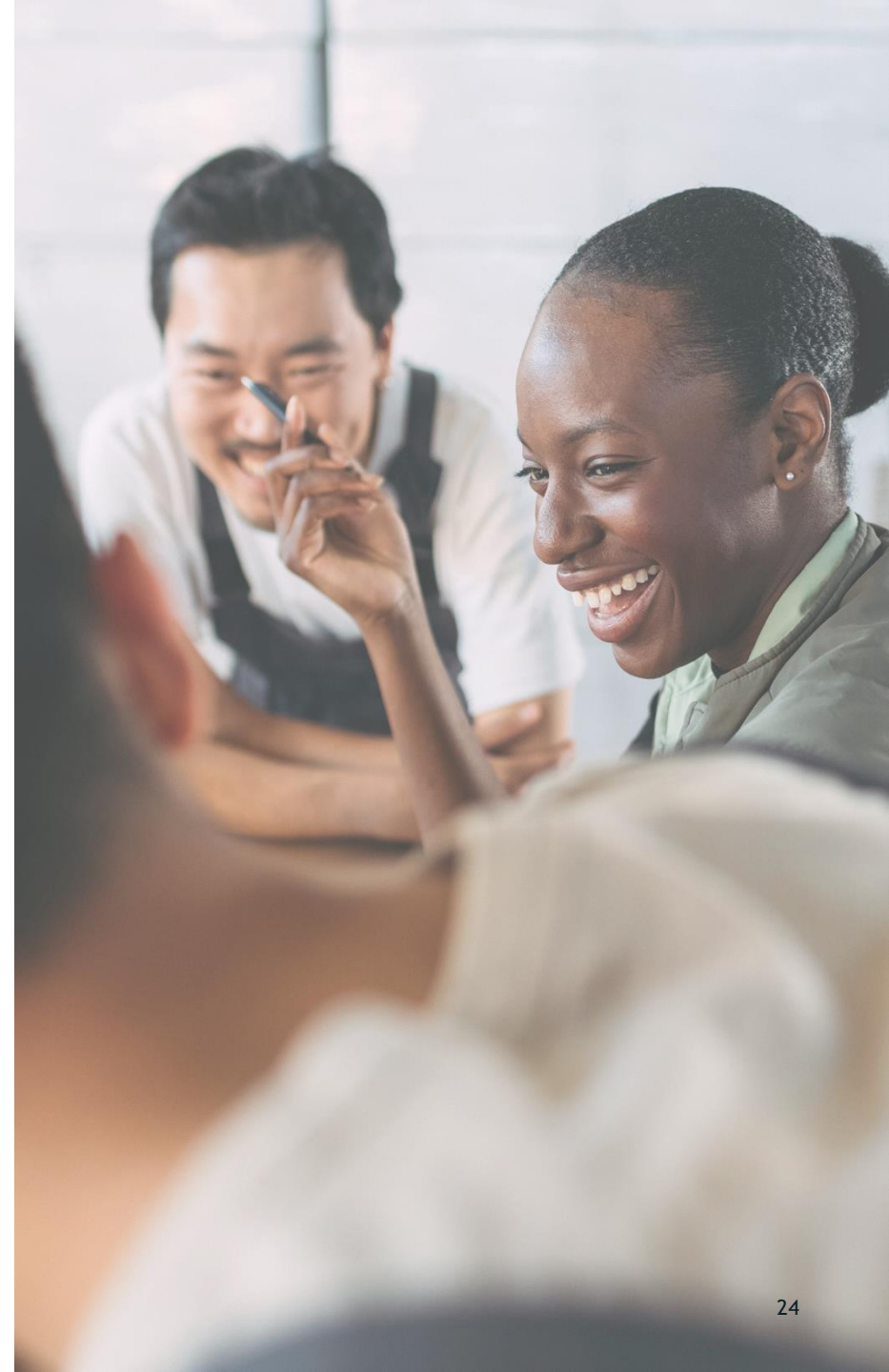
Empowered Store Associates

Equipped with digital tools, associates can enhance service and focus more on customer engagement rather than routine tasks, leading to higher job satisfaction and improved staff retention rates.



Optimized Operations

Connecting the shelf to the supply chain enhances store efficiency through automated replenishment, accurate stock levels, and reduced waste, driving profitability and improving service.



By putting the **store at the centre of the online strategy**, connecting the **customer and associate to the shelf**, and linking the **shelf to the supply chain**, retailers can create a connected store that is not only a hub of commercial activity but a central part of the high street and the community. This holistic approach ensures that physical stores remain relevant, efficient, and customer-centric, even as the retail landscape continues to evolve.

