How to make frictionless retail work

Richard Clarke, Head of Global Sales, Consumer Industries, Fujitsu

A swan gliding across a lake looks effortless, but you know a lot is going on below the waterline. In your local grocery store, similar levels of investment are taking place to ensure that your future shopping experience is frictionless.

Grab-and-go stores are the current poster child of the retail groceries industry in pioneering new ways to make the shopping experience smoother to drive higher turnover and increase customer loyalty in a low-margin, high-volume business.

Visualize this:

> Joe is immediately recognized and welcomed on walking into the store. Cameras remember them and validate them for creditworthiness. Joe's device – a handheld, perhaps a visor – alerts them to special offers of the day on items they need to get.

> As Joe walks around the store, the retailer knows the likely path they will take – based on data from previous visits and footfall patterns from thousands of other customers. Based on this, Joe will be alerted to various promotions around the store – including sponsored spots from brands trying to win a place in Joe's shopping basket. But before alerting Joe to special offers, the system first checks in-store availability – based on camera sensor-based inventory monitoring.

> Today, Joe is shopping for a special occasion and picks up a highly-rated bottle of sparkling wine. It has a security tag attached, but that doesn't matter because an in-store employee is automatically dispatched to intercept Joe and remove the tag as soon as the item is picked up. Based on their previous visits, an app can predict the exact aisle where the employee is most likely to meet Joe – and because Joe has already done an age check with the retailer, they can legally buy the item without showing proof of age again.

> As the clerk removes the security tag, Joe's app automatically suggests complementary items they may wish to purchase – in this case, a special offer on fresh strawberries, which the grocer knows that Joe often buys, but only when they are discounted.

> After the in-store employee has identified and greeted Joe and removed the security tag, they ask if there's anything else they could help with. Joe walks out of the store – and receives a notification that their credit card has been charged, as well as an in-app receipt from the supermarket – and a special discount coupon for another bottle of the sparkling wine they just purchased.

As you will recognize, grocery stores have taken steps toward this frictionless experience today, but there's still work to do. Let's break down the advances that are starting to come together to make frictionless a reality.

Significant investment in grab-and-go will pay off
The initial investment in setting up one 100-square-foot grab-and-go store with 100 different products ranges from £25,000 to 50,000. Costs per store come down as the number of stores increases.

This sounds like a heavy investment, but grab-and-go stores offer significant advantages. Retailers can allocate their staffing resources more efficiently by eliminating the need for traditional checkouts. With a streamlined checkout process, more customers can complete purchases in less time, leading to higher revenue generation. Additionally, the seamless shopping experience of grab-and-go stores enhances customer satisfaction, leading to higher repeat business and increased brand loyalty.

Another critical advantage is the reduction in fraudulent activities. Accurate item tracking and automated payment systems make it significantly harder for customers to leave a store without paying for items they have picked up. And, as grab-and-go tech rolls out across multiple branches, the costs are amortized more rapidly.

As technology advances, don't forget to keep the human in the loop
Looking into the future, I believe it's crucial to recognize the importance of human interaction and the value that people bring to the retail experience. Consumers seek product guidance or have specific questions. Or sometimes, they just want someone to talk to! In a store, many people perceive the absence of human interaction as a loss rather than a trade-off.

Having a human in the loop for each aspect contributes to a richer, personalized shopping experience. For example, when trying to find something in a store, I prefer to ask an assistant than consult a computerized lookup system, and I'm sure most people feel the same way.

Blending automation with the human touch
On this note, one way of reducing friction is to incorporate human interaction into automated processes. By offering chat or phone support, real-time video interactions, or even personalized recommendations through a mobile app, retailers can ensure that consumers still have access to human help, despite automation, while maintaining strong customer relationships – a vital part of the shopping experience.

Real-time data also reduces friction
Accurate and timely inventory information means retailers can optimize orders, reduce excess inventory, improve working capital efficiency, and minimize costs. Ahead of that, manufacturers can adjust output in line with demand. An optimized inventory system means a retailer can carry a more comprehensive number of product lines, offering consumers more choice and satisfaction. And guaranteeing that items are in stock – as there's nothing worse for a consumer who arrives at a store than leaving empty-handed.

Reducing excess stock volume also ensures fewer goods are sold at a discount or thrown away.

Eliminating customer dissatisfaction
As grocery stores build a more comprehensive picture of shopping habits, they can better plan ahead. Based on previous trends, they can make sure they're less likely to run out of stock on items, even when there is a surge in demand – due to an event, a change in the weather, or when a soft drink brand suddenly goes viral.

But remember, not everyone wants to download an app to buy a bag of sugar
In the move toward grab-and-go, retailers must remember that not everyone wants to download and register with an app just to pick up a bag of sugar from a grocery store.

That's why retailers are trying new technologies, such as asking customers to do one-time-only pre-registration, then using hypersensitive in-store cameras to match the customer in a database, using biometric technology.

In conclusion, technology presents exciting options for retailers in reducing friction in the store shopping experience – but its application must be sensitive to the customer's needs. Any retailer whose move to store automation is driven solely by a desire to reduce staffing costs should think again.

Richard Clarke
Head of Global Sales, Consumer Industries at Fujitsu

Richard is responsible for bringing the best of Fujitsu's industry vision, consulting capabilities and solutions and services to its customers in the consumer industries across the world. Reporting into Fujitsu's global leadership in Japan, Richard and his team develop and execute compelling and relevant strategies to expand key markets and define differentiated propositions to meet the needs of existing and new customers.