



FROM BRICKS TO CLICKS:
**STATE OF MOBILITY
IN RETAIL**

2021 REPORT

HOW MOBILE TECHNOLOGY CAN POWER
RECOVERY IN THE RETAIL INDUSTRY

WELCOME



One of the most tumultuous years in history unleashed the pent-up energy and spirit of innovation for which the retail sector is renowned. In 2020, global retail growth fell by 5.7%¹ and it has been predicted lost sales could reach \$2.1 trillion due to the coronavirus pandemic.²

At the same time, e-commerce has boomed. According to the U.S. Department of Commerce, from October to December 2020, e-commerce sales grew as much as they did in the past 10 years³ and in Europe, e-commerce grew by 31%.⁴

To thrive in this rapidly shifting and evolving market, retailers — both brick and mortar and online — have moved fast to COVID-proof their operations by investing in technology. But what will the market look like when we emerge from this global health crisis? And are retailers ready for it?

To answer these questions, mobile technology leader SOTI surveyed 6,000 consumers in markets spanning three continents. The survey asked about consumers' experiences, their preferences and their expectations for the future. Where possible, we compared the responses with those from last year's study to highlight changes in the market.

What emerges is evidence of shifts in consumer behaviour which will transform retail over the coming decade. In this report, we draw on the original research by SOTI to examine and understand the factors driving these changes and how retailers must adapt and evolve to remain competitive.

We know you will find these insights useful.

Ryan Webber, SVP of Enterprise Mobility, SOTI

1. <https://www.statista.com/topics/6239/coronavirus-impact-on-the-retail-industry-worldwide>

2. <https://go.forrester.com/press-newsroom/forrester-retail-will-see-a-2-1-trillion-loss-globally-in-2020-due-to-coronavirus-pandemic>

3. <https://www.ipsos.com/en/growth-and-expansion-online-retail-covid-19-and-beyond>

4. <https://www.retailresearch.org/online-retail.html>

CONTENT

INTRODUCTION	2
METHODOLOGY AND SAMPLE	4
COVID AND THE STATE OF TECHNOLOGY IN RETAIL	5
THE 2020 HOLIDAY SEASON WAS LIKE NO OTHER	6
TAKING TECH IN-STORE	8
THE IMPORTANCE OF TRUST AND SECURITY	9
MOBILE TECHNOLOGY AND THE FUTURE OF RETAIL	10
NEXT STEPS	11



METHODOLOGY AND SAMPLE

6,000 interviews were conducted using an online methodology by Arlington Research, with adults aged 18 to 65 years old with nationally representative quotas on gender, age and region set at country-levels between December 21, 2020 and January 5, 2021.

The 6,000 interviews were split across eight markets as follows: U.S. (1,000 respondents), Canada (500 respondents), Mexico (1,000 respondents), UK (1,000 respondents), Germany (1,000 respondents), France (500 respondents), Sweden (500 respondents) and Australia (500 respondents).

KEY FINDINGS

67%

Two-thirds (67%) of consumers said they wanted real-time visibility into the location of their Christmas gifts from the moment their online order was processed.

63%

63% of consumers said they would like the returns process to be easier, preferably automated.

62%

62% of consumers expect safety features, such as screens at checkout counters, hand sanitizer stations and even COVID-19 contact tracing, to remain in-store after the pandemic.

62%

Comfort in using front door home delivery has risen to 62% (58% last year) while in-store deliver/collection has fallen to 38% (46% previously).

57%

57% of consumers said they were frustrated by the shipping/delivery/returns aspects of ordering online.

59%

59% of consumers trust large and well-known online retailers to keep their personal and payment data secure and said that a bad experience shopping online would destroy their trust in that brand.

55%

55% of in-store consumers said they wanted to use cashless electronic payment methods in-store once the pandemic ended.

48%

Almost half (48%) of the consumers surveyed have abandoned a sale because they didn't trust a retailer with their payment details. And 12% don't fully trust even large and well-known retailers with their payment details.

38%

38% of consumers said if delivery or pick-up of an item is more than two days, they will look elsewhere.

38%

38% of consumers in 2020 are more likely to shop again in a store that offers better technological experiences compared to 25% in 2019.



COVID AND THE STATE OF TECHNOLOGY IN RETAIL

Research conducted early in the UK's lockdown found that 57% of retailers were investing in new technology.⁵ According to one report, published by Bloomberg, retailers worldwide invested an average of three years' worth of technology budget in just 12 months.⁶

In markets around the world, the volume of digital and contactless payments has grown. Whether it's older consumers using online payments for the first time or the growing number of consumers who no longer want to handle cash for in-store payments, the pandemic has massively accelerated the transformation of the payments market.

Cash transactions fell in popularity as a method of payment consumers felt comfortable using from 25% in 2019 to 21% this year. This was closely followed by chip and pin transactions which saw a huge fall from 43% last year to 22% in 2020. These manual methods of payment were replaced by contactless 'tap' payments (up by 9% on last year) and phone payments and payment apps (up 12% on last year).

59% of consumers trust large and well-known online retailers to keep their personal and payment data secure and said that a bad experience shopping online would destroy their trust in that brand.

Just over half (53%) are satisfied with the delivery times of online purchases from smaller retailers. But 45% will look elsewhere if the delivery or pick-up of an item is more than two days.

Under half (48%) have abandoned an online purchase because they didn't trust the site with their payment details, 47% are nervous about small retailers being able to keep personal and payment data secure, while 45% always feel their personal and payment data is secure when they make a purchase online.

Customers said they will be most comfortable using contactless 'tap' payments (29%) when shopping in-store post-pandemic. The next most popular in-store payment options were chip and pin transactions (22%) and cash transactions (21%). Wearable payment methods (e.g. smartphone and fitness bands) were considerably lower at 5%.

What is clear is that customers want to tap and go. The data from individual countries backs this up, with chip and pin cards down in the U.S., UK, Germany and Sweden (by as much as 25% when compared to last year), but contactless 'tap' and phone payments rising in popularity in all markets.

"Cart abandonment at checkout is a persistent problem for retailers," says Ryan Webber, SVP of Enterprise Mobility, SOTI. "Retailers who want to maximize their conversions need to work hard to win consumer trust within the payments process. That's as true in-store as it is online."

5. <https://www.retailtechnology.co.uk/news/7313/covid-and-the-digitalisation-of-retail>

6. <https://www.bloomberg.com/press-releases/2020-11-09/covid-19-has-made-the-retail-sector-invest-in-3-years-worth-of-digital-transformation-in-a-span-of-6-months-says-zinnov>



2020 HOLIDAY SHOPPING AROUND THE WORLD

Knowing where their Christmas orders are was important to Mexicans (87%), but less so for Brits (just 58%).

58% of French consumers want same-day collections from the store for items bought online, compared to just 33% of Swedes and 26% of Germans.

Just 28% of Germans say that Christmas delivery times longer than two days will prompt them to look elsewhere, compared to 40% of Australians and 45% of Americans.

65% of Canadians said they wanted a faster and more automated Christmas returns process, compared to just 53% in Sweden and 50% in German.



THE 2020 HOLIDAY SEASON WAS LIKE NO OTHER

In the U.S., despite lockdown and an economic downturn, the total value of holiday sales grew by 3%.⁷ This is remarkable, particularly when you consider that during the last financial downturn, in 2008, holiday sales fell by 3.5%.⁸

What is more remarkable, are the factors at play influencing soaring sales figures in recent months. Online surged ahead, replacing the slumping sales experienced within brick and mortar retailers. The volume of online sales in the U.S. grew by a massive 49%.⁹ Nor is this a specifically U.S. phenomenon. In Germany, the country's largest e-commerce providers report an increase in Christmas sales of up to 60%.¹⁰ In the UK, online sales increased by 45%.¹¹

The question for retailers is whether or not this shift is permanent, and what both online and brick and mortar retailers can learn from the Christmas 2020 shopping season. The results of the SOTI consumer retail survey reveal some interesting findings.

- 67% of consumers said they wanted real-time visibility into where their Christmas gifts were from the moment they ordered them.



- 62% of consumers wanted to be able to buy the same item again, just by clicking a single button.
- Almost half (47%) of consumers would like the ability to collect any item they buy online from a brick and mortar store, if the retailer has physical stores, on the same day.
- 38% of consumers surveyed said that if delivery takes longer than two days, they will look elsewhere for the item. Only 30% definitively disagreed with this statement. The remainder were unsure.
- 63% consumers said they would like the returns process to be easier, preferably automated.
- 59% of consumers said they would buy more Christmas gifts from a store if the returns experience was easier.

What does this tell us, both about Christmas gift shopping and the lessons we can take for the future of retail? Clearly, consumers want simplicity and convenience. This is true online, but also in-store.

The latter tallies with what consumers had to say about their hope that retailers will provide devices to simplify and enrich the brick and mortar shopping experience. It is particularly telling that 59% cited easy returns as an incentive to buy more at any given store.

When they are under pressure, whether online or in-store, customers want a high quality and tailored experience. But they also want maximum simplicity and convenience. We can expect these trends to spill over from the holiday experience into the rest of the year.

7, 8, 9. <https://fortune.com/2020/12/26/holiday-retail-sales-pandemic-online-shoppers>

10. <https://www.tagesschau.de/wirtschaft/verbraucher/profiteure-des-boomenden-onlinehandels-101.html>

11. <https://www.bbc.co.uk/news/business-55625246>



SOTI ADVANCED MOBILITY SOLUTION

Quickly deploy new mobile and IoT devices to retail locations around the world.

Build the apps staff need to perform their jobs more efficiently, and that customers want to use while shopping in-store, quickly and cost-efficiently, without the need for specialized resources.

Eliminate downtime when business-critical technology, like self-serve checkouts, experience a service disruption.



TAKING TECH IN-STORE

Even before the pandemic, retailers were starting to invest heavily in in-store technology. In 2019 alone, U.S. investment in in-store tech increased by almost 60% year-on-year (YoY) to over \$3.7 billion.¹² The market for retail analytics is predicted to grow by 21% each year between now and 2025.¹³

What this points to is a brick and mortar retail sector that recognizes the need to invest in innovation to provide a seamless customer experience if it wants to compete with e-commerce. Digital signage and kiosks, IoT-enabled stores, cloud connectivity, mobile POS (mPOS) systems, NFC technology and analytics are all tools at the disposal of brick and mortar retail owners who want to create the immersive and interactive experiences their customers expect.

Not only do 55% of consumers now want to use cashless electronic payment methods in-store once the pandemic ends, but 38% said they would be more likely to return to a store that was a technology innovator compared with 25% last year. This number rose the most in the UK, which saw a 18% change from 16% to 34%, but was highest in Sweden with 38% (an 11% change from last year at 27%).

In a tight retail market, in which competition with e-commerce is fierce, stores which can persuade customers to linger longer and to spend more would have a significant advantage over the competition. According to the results of the SOTI consumer retail survey, 15% said they were likely to spend more time in stores which used technology to offer a better user experience. In Germany and France, this was 17%. While 16% of Americans said they would spend more in brick and mortar stores that used tech to improve the customer experience. Across all markets, the average is 12%, demonstrating that leveraging technology could further power retail recovery.

12. <https://nielseniq.com/global/en/insights/analysis/2020/in-store-tech-may-boost-the-brick-and-mortar-retail-resurgence/>

13. <https://www.globenewswire.com/news-release/2020/12/01/2137211/0/en/Global-Retail-Analytics-Market-2020-to-2025-Growing-Adoption-of-Cloud-Services-in-Retail-Presents-Opportunities.html>



THE IMPORTANCE OF TRUST AND SECURITY

Trust plays a critical role in the customer shopping experience. Recent research in the U.S. found that 89% of customers would switch brands if a company lost their personal data.¹⁴

This kind of finding has serious implications for retailers. They are faced with the challenge not only of digitally transforming at speed, but also of doing so in a way that demonstrably keeps customers safe. So, what does SOTI's research say about consumer attitudes and how can retailers use this to shape their security and trust strategies?

Internationally, only 45% of consumers feel their data is secure when they shop online. In markets such as Germany and France, this falls even lower to 40%.

47% of consumers say they are nervous about trusting smaller businesses with their personal and financial data. 20% strongly disagree with this proposition.

If the retail sector wants to move to a multichannel, always-connected consumer experience, it needs to tackle trust. If consumers are apprehensive about payment and data sharing from their own devices, connected to their home networks, how much more hesitant are they likely to be in-store?

14. <https://www.cmswire.com/customer-experience/why-advanced-data-security-helps-improve-customer-experience>



**45% EXPECT SHOPPING/
DELIVERY FEATURES
ADOPTED DURING THE
PANDEMIC TO REMAIN**



**62% SAID THEY ARE
EXPECTING SAFETY
FEATURES TO REMAIN
IN-STORE AFTER
THE PANDEMIC**



**31% OF CONSUMERS SAID
THEY WOULD LIKE SALES
ASSOCIATES TO USE MOBILE
DEVICES THAT ALLOW THEM
TO PURCHASE ITEMS ON THE
SALES FLOOR INSTEAD OF
AT THE CASH REGISTER**

MOBILE TECHNOLOGY AND THE FUTURE OF RETAIL

To compete in the future hyperconnected retail environment, both in-store and online retailers need to give consumers peace of mind that their data and money is safe. They need to be able to offer a distinctive customer experience (including physical safety), considering everything from finding the right product, through payment and delivery, to renewal or returns.

When asked what consumers were expecting in the future from in-store experiences, 62% said they are expecting safety features to remain in-store after the pandemic (e.g. social distancing; the wearing of masks; barriers/screens at checkout counters; hand sanitizer stations; or COVID-contact tracing – device ID).

Over half (55%) of consumers expect payment features to remain (e.g. contactless 'tap' payments; self-service checkouts; or scan-as-you-shop) and 45% expect shopping/delivery features adopted during the pandemic to remain.

Almost a third (31%) of consumers said they would like sales associates to use mobile devices that allow them to purchase items on the sales floor instead of at the cash register, with a quarter (24%) saying handheld or cart-mounted devices to check inventory availability and pricing would provide a better in-store experience.

What is clear is that after safety, consumers are most interested in faster and more efficient shopping experiences. Mobile technology means more than just devices in the hands of your employees. With an integrated business-critical mobility strategy, mobile technology enables retailers to:

- Drive traffic to their online properties and footfall to their brick and mortar store, using intelligent mobile engagement.
- Create an integrated in-store experience using mobile technology that communicates with in-store access points, digital signage and more.
- Build personalized mobile online and in-store experiences using technology which consumers can trust and builds brand confidence.



- Capture, store and process online and in-store data from mobile devices in a way that is both compliant and enables a data-driven customer experience.

One of the most intimate relationships consumers have is with their smartphone. Retailers can tap into this relationship. But to do so, they need systems and solutions which are intelligent, dynamic and secure enough to help them understand what customers want and provide it in a way that is secure and can easily accommodate changes and updates, as market shifts require.

The retailers who succeed in doing this will be the ones which thrive in the next decade and dominate the future retail landscape.

NEXT STEPS

The retail sector, online and in-store, is undergoing tremendous change. Lockdowns have loosened, and in some cases have removed loyalties to specific retailers and brands. It has forced customers to try new channels, new ways of shopping and paying, and new products they would not have considered before. In many cases, those customers say they won't go back.

The investments which retailers have made over the last year have enabled them to survive in the short-term. But more than that, they have also set them on the path to creating the kind of hybrid in-store and online shopping experiences that customers say they want in the future.

The next step on that journey is the adoption of intelligent mobile technology, designed specifically for retail, which accelerates the retail experience and makes it seamless and enjoyable across all channels.

With the right partner and the right technology, retailers can create intelligent, mobile-enabled systems which combine everything from digital signage, through to stores enabled with intelligent IoT devices and market-leading analytics.

With these, they can provide consumers with an experience that balances maximum short-term returns with customer lifetime value. SOTI is a market leader in providing intelligent mobile solutions for the retail sector.

Our mobility experts will help you design, source and build the IoT solutions you need to accelerate your business model and achieve your goals in a secure way that will strengthen the trust consumers have in your brand. We will ensure you get the right business-critical solution to meet your organization's needs with a seamless integration.

Find out today how SOTI can help you get ahead of a changing retail market.

[Contact SOTI today](#) to find out how the SOTI ONE Platform can help evolve your enterprise mobile strategy.

ABOUT SOTI

SOTI is a proven leader at creating innovative solutions that reduce the cost and complexity of business-critical mobility and the IoT. Thousands of companies around the world depend on us to secure, manage and support their mobile operations.

The company's two decades of success has built strong partnerships with leading mobile platform providers and device manufacturers. These relationships give us unparalleled insight into new technology and industry trends before they happen.

A proven innovator, SOTI's clear vision, laser focus and commitment to R&D has made it the market leader at delivering exciting, new business mobility solutions.



TO LEARN MORE:

For additional information on how SOTI can set retailers up for success, visit soti.net/retail.

To learn more about the SOTI ONE Platform, visit soti.net/one.

You can also contact us anytime with your questions, or arrange a free demo at soti.net/about/contact-us.

SOTI is a proven innovator and industry leader for simplifying business mobility and IoT solutions by making them smarter, faster and more reliable. SOTI helps businesses around the world take mobility to endless possibilities.

soti.net