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ELEVATING THE RETAIL EXPERIENCE WITH DIGITAL SIGNAGE

RETAIL- A MAJOR GROWTH ENGINE

Retail is a major engine of growth in many countries. The global retail industry has undergone a massive evolution in recent years. Digital transformation, new technologies, changing consumer tastes and borderless competition from e-commerce continue to revolutionise the retail industry. Shopping is no longer confined to brick-and-mortar stores, and the growth of "O2O (online-to-offline) commerce" and omnichannel marketing present immense opportunities for retailers.

In this white paper, we discuss the retail landscape in Asia-Pacific, as well as current trends and growth opportunities in the industry.

ASIA-PACIFIC RETAIL INDUSTRY

While the global retail industry in general is on a growth trajectory, Asia-Pacific is seeing an accelerated pace of growth and accounts for the largest retail market in the world.

The growth of the **Asia-Pacific retail industry** is largely driven by:

Robust economic growth
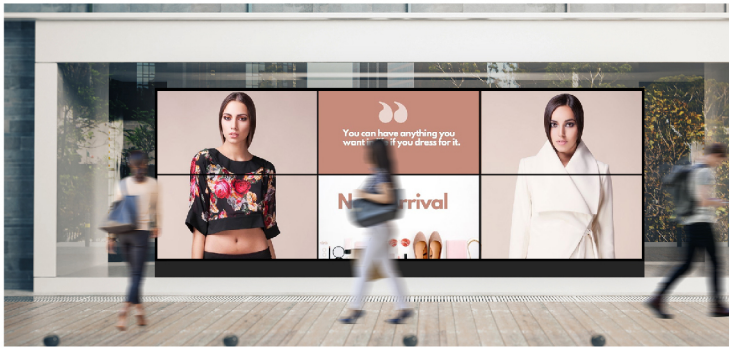
Changing consumer trends

Rising purchasing power

Population growth

Entry of international retail chains

Asia-Pacific also leads the way in the digitalisation of the retail market. Currently, the region accounts for about **75% of global retail growth** and two-thirds of online growth. From 2014 to 2019, retail and online sales in the Asia-Pacific region grew at a compound annual growth rate (CAGR), more than double the rate for the rest of the world.

IMPACT OF COVID-19 PANDEMIC

The retail sector is directly related to economic activity and for this reason, retail is one of the first sectors to be impacted during a time of reduced consumption.

The COVID-19 pandemic brought about unprecedented challenges to the APAC retail industry. With widespread stay-at-home orders and health and safety concerns, the pandemic accelerated digital transformation and led to a surge in the adoption of e-commerce. Mainland China, Korea, Australia, and Singapore registered a much higher rate of **e-commerce penetration** in 2020 compared to 2019.

The pandemic has hastened the migration of sales from brick-and-mortar stores to online channels.
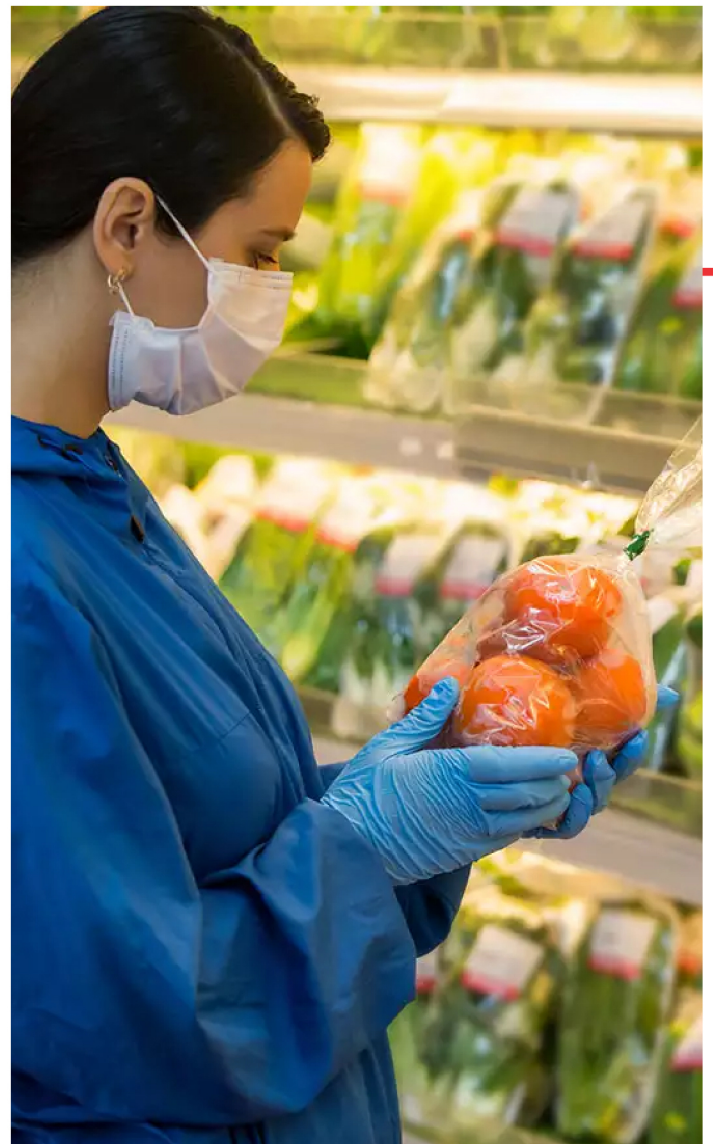
Many businesses that operated brick-and-mortar stores were adversely affected, with tens of thousands of retailers forced to close temporarily and others permanently out of business. Esprit and Follie Follie withdrew from major Asian markets; NYX closed all of its stores in Malaysia; Topshop left Singapore, and Superdry exited Mainland China.

In India, the pandemic came at a time when the country's economy was experiencing sluggish growth due to weak domestic demand. The immediate impact of the pandemic resulted in a sharp increase in demand for essential goods and services and a corresponding decline in demand for non-essential goods and services.

Despite the pandemic's severe effects, a large segment of the retail industry survived thanks to the rapid adoption of digital technology.

THE RETAIL INDUSTRY ACCELERATES DIGITALISATION

According to **Bain and Company**, the retail industry's shift to digital technology in response to new and evolving consumption patterns is particularly evident in Asia-Pacific.

In China and other parts of the region, instead of expanding physical store space, retailers are partnering with "super-apps" such as WeChat, Paytm and Gojek, expediting delivery within 30 minutes of an order, and redesigning store layouts to optimise omnichannel reach.

According to **MIT research**, more than 75% of Asia Pacific organisations had made digital and IT investments even before the onset of the pandemic. The pandemic accelerated what was already on the radar of these organisations: digital transformation.

RETAILERS ADOPT DIGITAL SIGNAGE TO INCREASE REVENUE

With global economies steadily improving and high vaccination rates in many countries, malls and shopping stores are reopening. Retailers today face a key challenge: to ensure a safe and welcoming environment that will drive footfall.

Investment in digital technology and innovation is a key way for retailers to face this challenge. **Retail digital signage solutions** can help businesses attract customer attention, optimise communication and increase revenue, while providing a safe shopping environment.
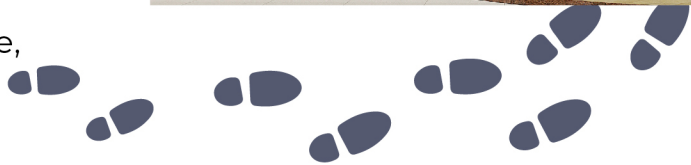
In particular, **in-store digital signage solutions** can:

Create an aesthetic appeal to attract customers

Promote new products

Gather & analyse customer behaviour data

Cross-sell/Upsell products

Increase customer engagement

Improve internal communication

Promote health & safety

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Digital signage captures **400%** more views than static signage

THE NEW CONSUMER PARADIGM

Retail has changed forever due to technology's impact on the shopping experience. Shoppers today desire a seamless, personalised and holistic shopping experience. To meet evolving customer needs, retailers must think more strategically about the in-store retail experience.

	Digital adoption	Mobility	Personal Finance	Health	Interpersonal
Temporary	Rising purchasing power	Lower use of public transport		Wearing masks	Increase in divorce
					Increasing pet adoption
	Onine education		Shock to brand loyality	Increased hygine	
	Work from home and video enabled conferencing	Integrated mobility	Value based purchasing	Healthy eating	
	Use of food delivery apps	Remote work	Online shopping	Telemedicine	
Permanent	Digital entertainment	Change in commercial real estate use	Move to cashless society	On demand well-being	

Expected permanence of consumer habit changes from COVID-19
Source: **Swiss Re Institute**

The COVID-19 pandemic has also brought about a shift in consumer purchasing patterns. Nowadays, shoppers are embracing value-based shopping, buying only the essentials and reducing discretionary shopping. This decline in demand for non-essential items presents another challenge for retailers, and a rapid response is needed to revamp sales and marketing strategies to improve sales.

RISE OF PHYGITAL RETAIL

Phygital retail uses technology to combine the best elements of ecommerce and the unique aspects of shopping in a brick-and-mortar store, to deliver an immersive and interactive customer experience.

In the last two years, the rise of phygital retail has taken the industry by storm. Brands are capitalising on cutting-edge innovations to perform crucial daily operations and are fast tracking phygital strategies to boost sales. The success of mass retailer curbside pickup solutions and delivery programmes attest to the fact that consumers are now very comfortable using a mobile app to "walk the aisles" for them.
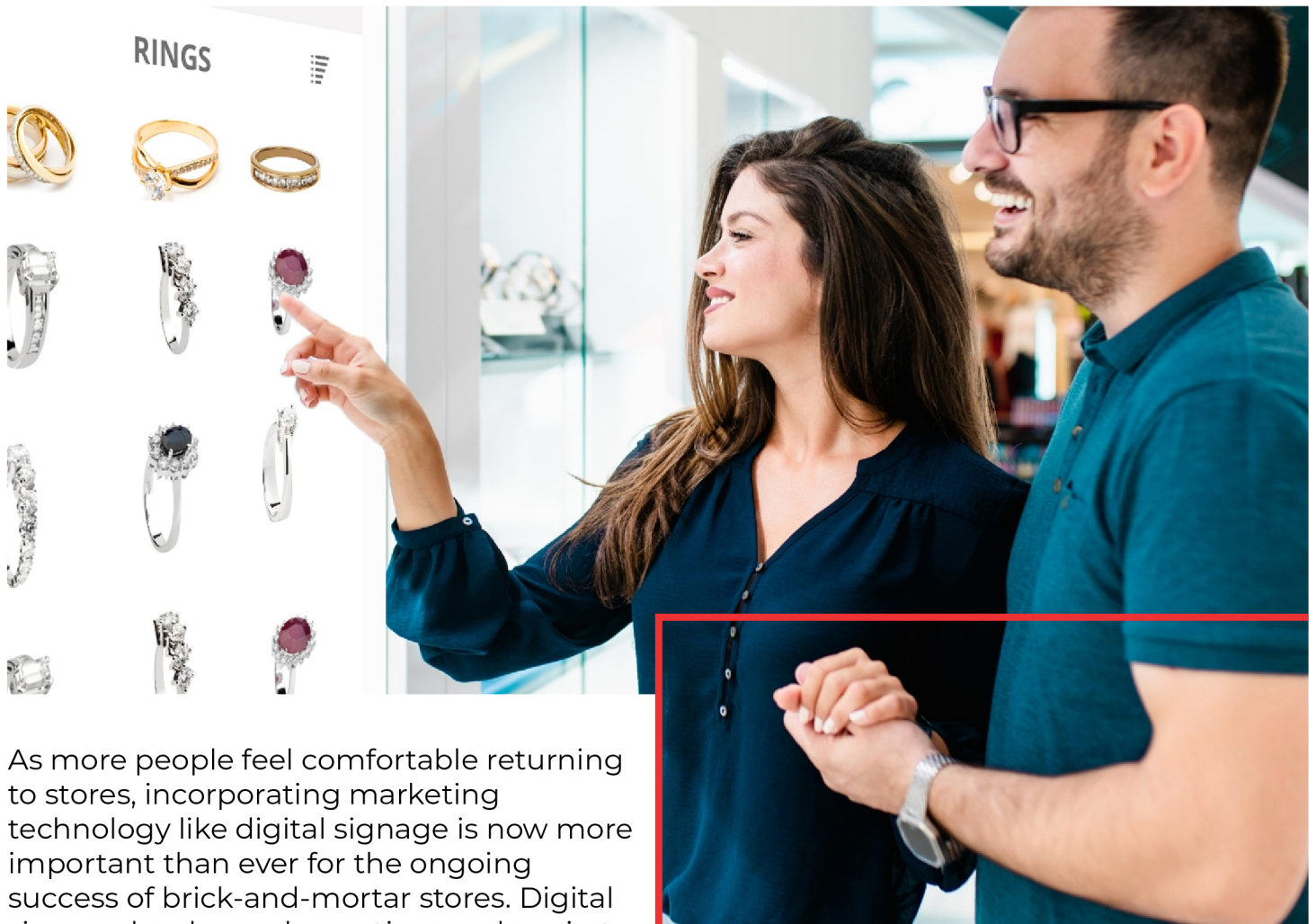
As more people feel comfortable returning to stores, incorporating marketing technology like digital signage is now more important than ever for the ongoing success of brick-and-mortar stores. Digital signage has been shown time and again to transform the in-store experience, reinvent marketing strategies and propel businesses.

Retail digital signage solutions keep customers entertained and engaged with vibrant visuals that showcase products, services and other useful information.

Here are several ways in which **retail digital signage solutions** can help to create a frictionless and personalised shopping experience:

FAQs or "Contact Assistant" buttons on digital displays can be used to improve customer service and satisfaction by making product information available through well-designed touch interfaces or gamification.

"Click and Collect" allows customers to order products online and collect from their desired outlet, at their convenience. Digital signage in the form of screens and interactive kiosks is a key component of click-and-collect, assisting with wayfinding and directions, order updates and collection information.
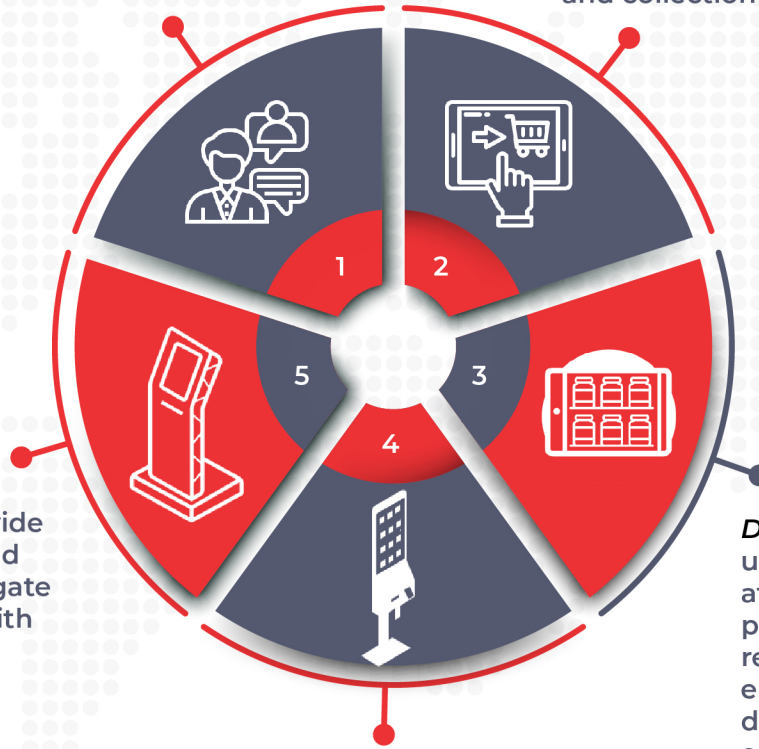
Wayfinding kiosks provide directional guidance and help customers to navigate large shopping malls with ease.

Digital shelf talkers display useful product information at the point of browsing, providing compelling reasons to buy and encouraging product discovery and brand engagement.

Self-checkout systems, designed for interactive signage applications, can be equipped with QR codes, facial recognition and object detection to help customers save time during checkout.

THE FUTURE OF RETAIL :
TRENDS & OPPORTUNITIES FOR DIGITAL SIGNAGE

Today, **Asia-Pacific is the fastest growing market for digital signage**, with a **CAGR of over 8.71%** expected between **2021** and **2026**.

Regional Growth Rates

- High
- Mid
- Low

Source: Mordor Intelligence
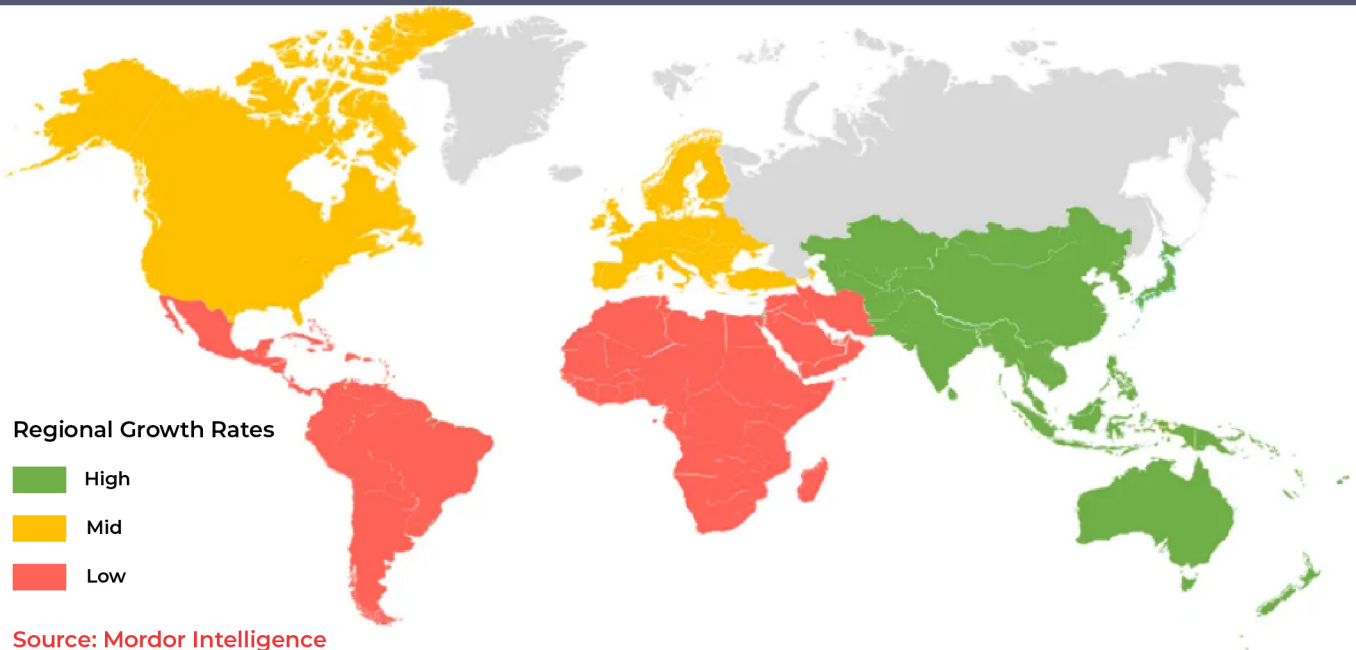
While the pandemic paralysed the world, technology did not stop innovating. Despite a decline in the global economy, the digital signage industry has remained resilient and is set to flourish. Organisations today are seeking new, innovative ways to transform their business and evolve the customer experience to better reach out to their target audience.

Here are some ways retailers can leverage **new technologies in the retail industry** to increase sales and drive growth:

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Promote O2O Commerce

Online-to-offline commerce is a business strategy designed to bring potential customers from online channels to physical stores to make a purchase. It brings people from Instagram, email, and digital ads to a brick-and-mortar store.

Despite the convenience of e-commerce, research reveals a strong preference of consumers to shop in-store.

Brick-and-mortar shopping gives customers a chance to chat with sales representatives, touch products in person, and get the in-store experiences that cause millennials to open their wallets. Combining an excellent in-store experience with an effective online strategy will help retailers reach more customers and increase revenue.

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80% of shoppers will go to the store to buy when they have an item they need or want immediately. **61% of shoppers** would rather shop with brands that also have a physical location (versus those that are only online).
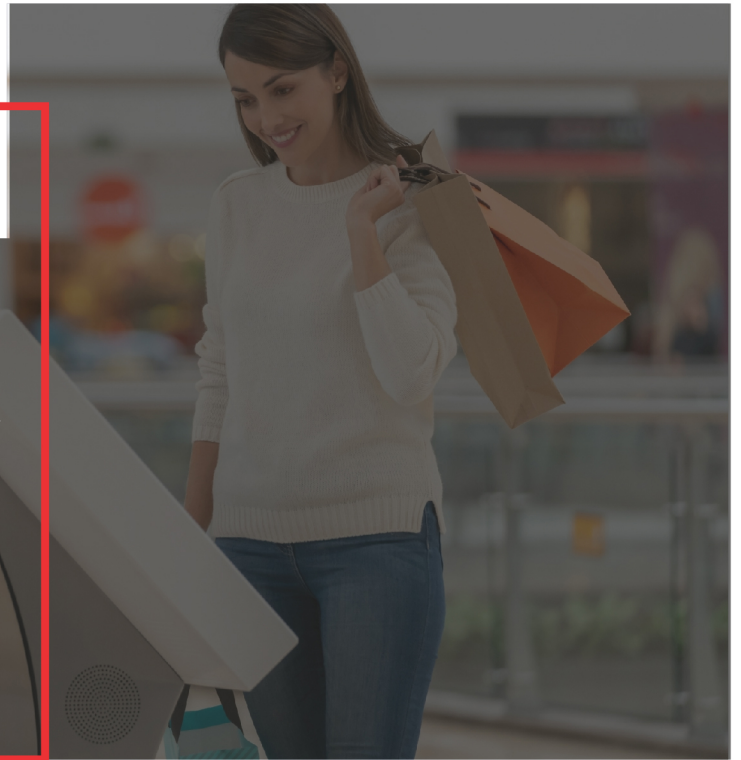
Deliver a personalised and engaging shopping experience

Modern consumers, especially millennials, are seeking integrated, personalised and engaging shopping experiences. They want their experience to be curated, pre-selected, and relevant. Online selections chosen by algorithms are helping to shape this behaviour and expectation. Physical retailers can deliver this concept with the use of virtual fitting rooms and magic mirrors. Magic mirrors enable customers to try on outfits virtually and take snapshots of their favourite items, which can be easily uploaded or streamed live to users' social media sites.

In-store digital signage solutions can deliver a personalised shopping experience based on audience personas, making use of shopper data and adjusting marketing messages and in-store screen content in real-time to effectively target browsing customers. In addition, interactive displays and touch screens take the shopping experience up a notch by allowing shoppers to develop their own experiences by selecting their preferred content.
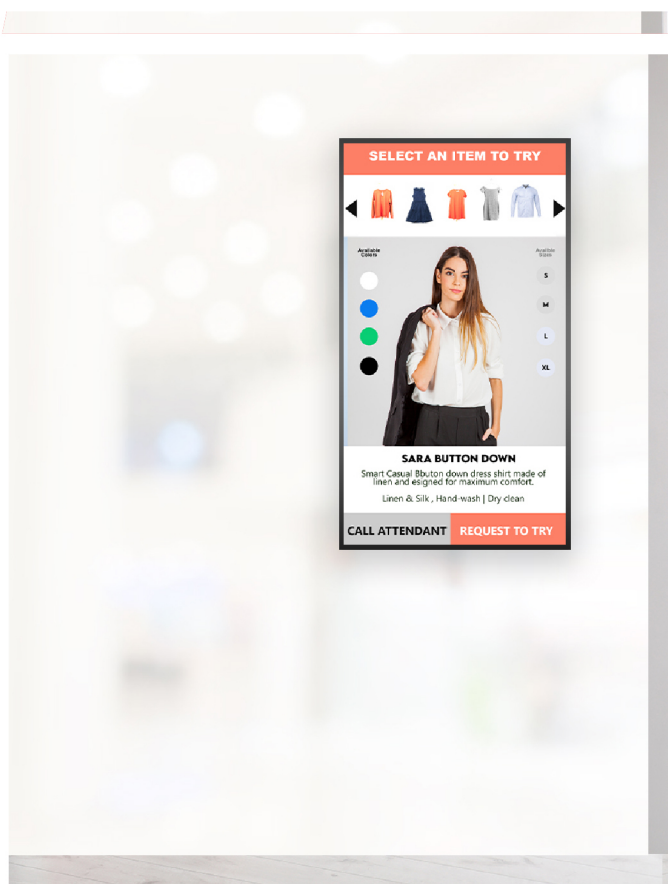
Improve product visualisation

Multifunctional **in-store tablets** can be used to showcase product demonstrations and enable product discovery. These tablets can provide useful product information and reviews to facilitate decision-making. They can also accommodate inventory checking, ordering, product information and sales associate training. Furthermore, in-store tablets can be integrated into POS systems to ensure a seamless checkout.

Promote health and safety

Digital screens use attention-grabbing imagery and video to convey and reinforce messages. In today's visually oriented world, visual communication captures attention far more effectively than static, textual media, especially in retail environments where consumers are constantly faced with a myriad of advertisements. Digital signage can feature health and safety reminders to foster a safe shopping environment.

The pandemic has accelerated the growth of voice and gesture-enabled digital signage, as more people refrain from touching unknown surfaces. As the retail world adapts to this new normal there will be a new era of touchless controls.

"80% of people now think **touchscreens** are unhygienic, while **73%** said that they would be likely to interact with **touchless technology** in future."

Support Omnichannel Marketing

Retail digital signage solutions help brands to achieve omnichannel digital marketing by merging advertising channels, a key component in modern marketing. Omnichannel marketing creates a cohesive sales approach for brands, combining multiple channels such as websites, landing pages, social media pages, and mobile apps connected to a physical store.

It provides a seamless, consistent customer experience that can:

Increase **brand awareness and loyalty**

Inform **and empower consumers**

Gather **valuable data on customer habits**

Create **upselling/cross-selling opportunities**

Retail digital signage is the perfect advertising medium for customised information that can be updated in real-time. Enabled by visual sensors, smart digital screens can identify specific audience personas and trigger targeted content. Interactive self-service kiosks and solutions like Lift & Learn and Place & Learn encourage product discovery and align with modern consumer behaviour. Digital shelf talkers can also offer an endless aisle and provide information about stock availability and product reviews.

Create a Phygital Store

Marketing today is all about creating impactful and immersive experiences. Phygital retail is a hybrid of physical and digital retail and offers consumers a superior shopping experience. Physical stores offer brands the opportunity to deliver experiences their ecommerce equivalents cannot reproduce.

Digital signage blurs the border between offline and online and crafts a phygital environment.

Digital signage enables retailers to collect and analyse customer data, and display the most appropriate messages, at the most appropriate time, to the corresponding audience. By adding well-placed displays across the store, retailers can add compelling content to their shoppers' experience. Signage can include ads from vendors, branding campaigns, social media testimonials, and upsell opportunities.

A good example of a phygital retail strategy is "Click and Collect", which provides the convenience of online shopping with the instant gratification of buying in-store. Similarly, "Buy in-store deliver at home" allows customers to browse and make purchases in-store, but all sales are managed in the digital environment with the customer's purchases being shipped to their homes.

TRANSFORM YOUR RETAIL STORE TODAY WITH
SCALA DIGITAL SIGNAGE SOLUTIONS

The new normal has brought about new consumer paradigms and preferences. To stay competitive, retailers need to adopt new technologies to create a seamless omnichannel experience and connect better with customers.

Scala's innovative digital signage and marketing technology solutions empower retail brands all around the world to transform their marketing and deliver exceptional customer experiences. The leader in digital signage technology, Scala is the perfect partner for retailers who want to educate, inform and entertain their customers through a revolutionised experience.

To find out more about Scala's **digital signage for retail**, visit **here**

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