



2018 Global Retail Research Study

How Digital Transformation is
Shaping the Retail Landscape



Overview

According to new research insights written in partnership with Honeywell and PlanetRetail, digital transformation is the single most disruptive driver of retail change. In this age of digital transformation, retailers are increasingly faced with the challenge of delighting and engaging customers “in the moment” by providing a seamless experience — both online and in-store.

To gain a deeper understanding of retailers' focus, concerns, and investment priorities in light of the digital transformation, Honeywell partnered with YouGov to conduct a global research study among retailer decision makers in US and Europe. The results of this study are presented herein.



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**Fears over losing
technology edge
have risen sharply**

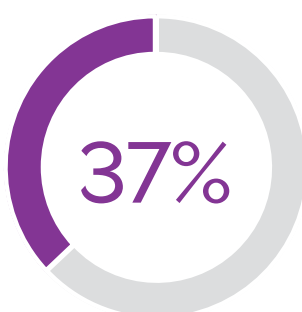


Retailers challenged to adapt to an omni-channel shopping landscape

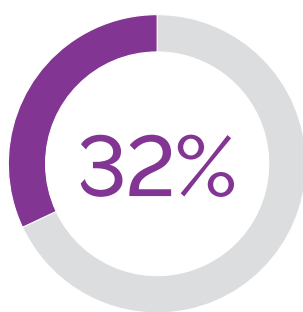
The path to purchase is becoming more complex than ever before for global retailers. This comes as no surprise amid the rising expectations of today's empowered customers, who have unlimited access to choices and pricing information online.

Retailers cite that **meeting heightened customer expectations, managing a high turnover workforce and creating a frictionless experience** between online and in-store as top challenges.

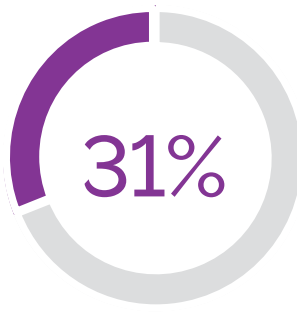
Retail's greatest challenges of today



Improving customer loyalty



Finding and retaining the best employees



Integrating the online and in-store experience

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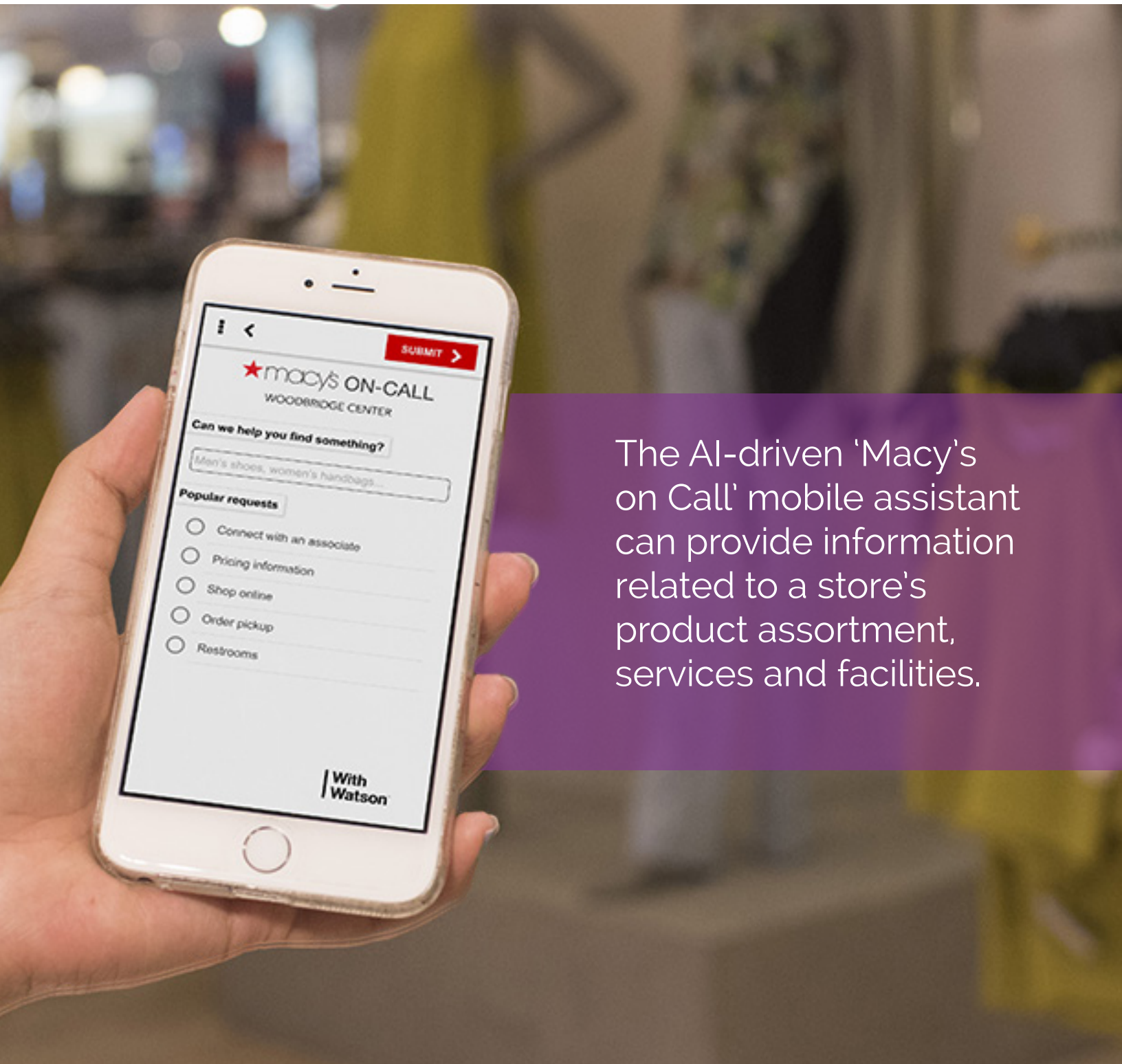
The most serious challenge the company faces is allocating resources, especially IT

Maintaining a fully integrated omni-channel experience

Competing with Amazon



Case study



The AI-driven 'Macy's on Call' mobile assistant can provide information related to a store's product assortment, services and facilities.

Fears over falling behind competition rising sharply

44%

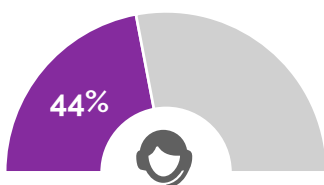
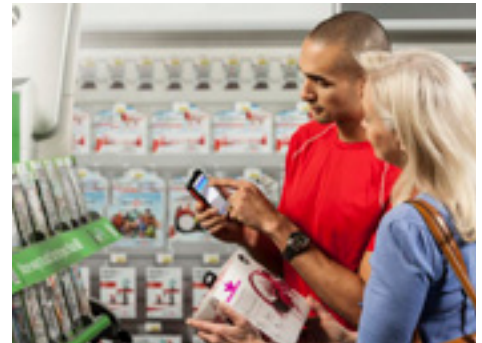
Retailers believe they are meeting today's customer expectations

49%

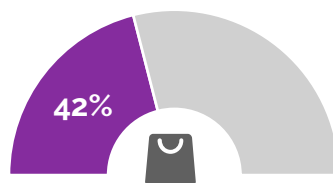
Retailers believe they are doing an excellent job with omni-channel integration

As consumers increasingly seek new and surprising products and experiences, **retailers are increasingly challenged to find ways to delight their customers and strengthen loyalty.**

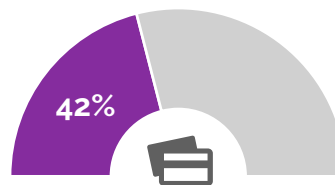
When asked if they are outperforming their competitors in key success metrics like offering a smooth returns handling process and a personalized shopping experience, **retailers reported overall low confidence in how they stack up against their competitors.**



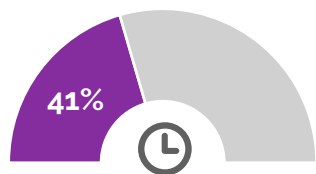
Handling Returns



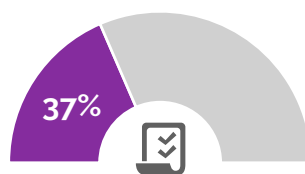
Personalized Shopping Experience



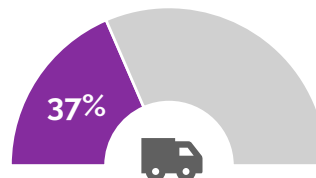
Quick & Efficient POS Experience



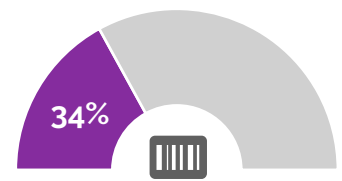
Timely & Efficient Service



Convenient Delivery Options



Seamless Delivery



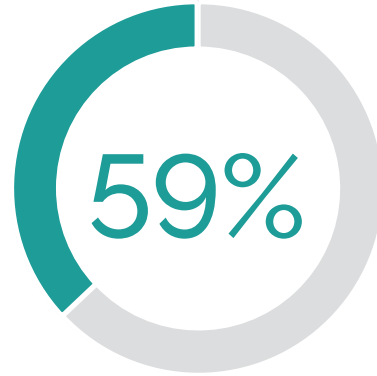
Right Product in Stock

**Some retailers
pulling ahead on
investing in digital
technologies to
better engage
customers**



Addressing challenges of today's retail environment

According to retailers surveyed, technology is playing a greater role to streamline customer and operational touchpoints. Arming retail associates with access to relevant, timely business information to enable consistent end-to-end customer experiences that span physical and digital channels is a key technology focus area today. Big data and predictive analytics are increasingly being cited as technologies in use by merchants to optimize operational efficiency.

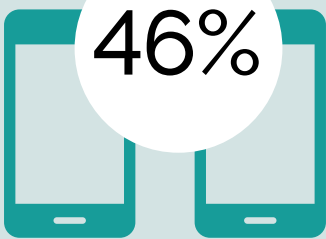


of retailers agree technology has enhanced their customer shopping experience

Technologies currently in use by global retailers

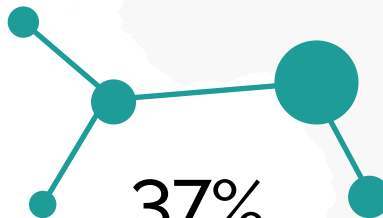
Smartphones

46%



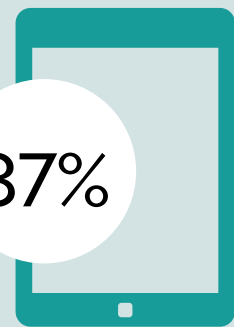
Advanced analytics / big data

37%



Mobile Tablets

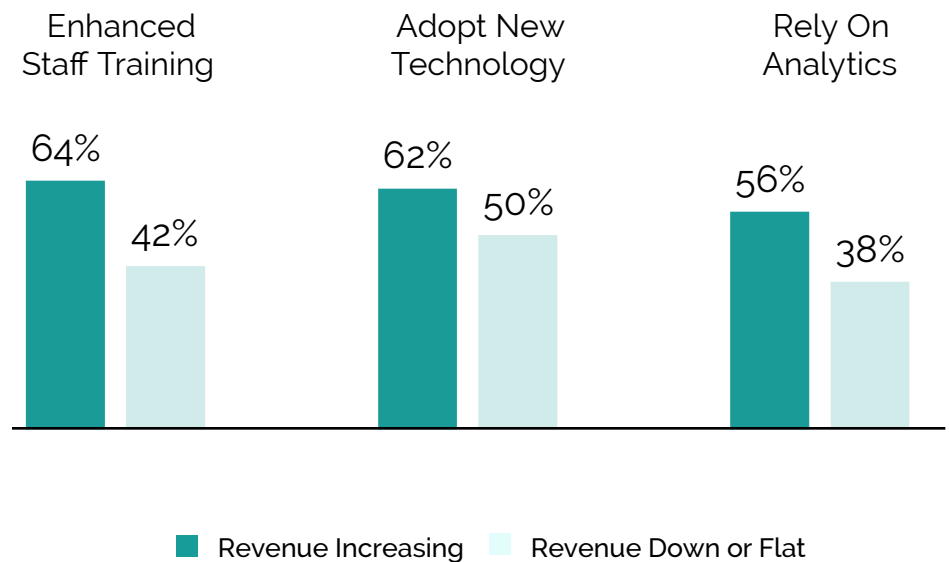
37%



Retailers investing in technology seek a stronger and transparent customer experience

As shoppers gain more price and quality transparency coupled with a wide range of convenient delivery options, **technology will be a key driver of success to increase the value add to consumers.**

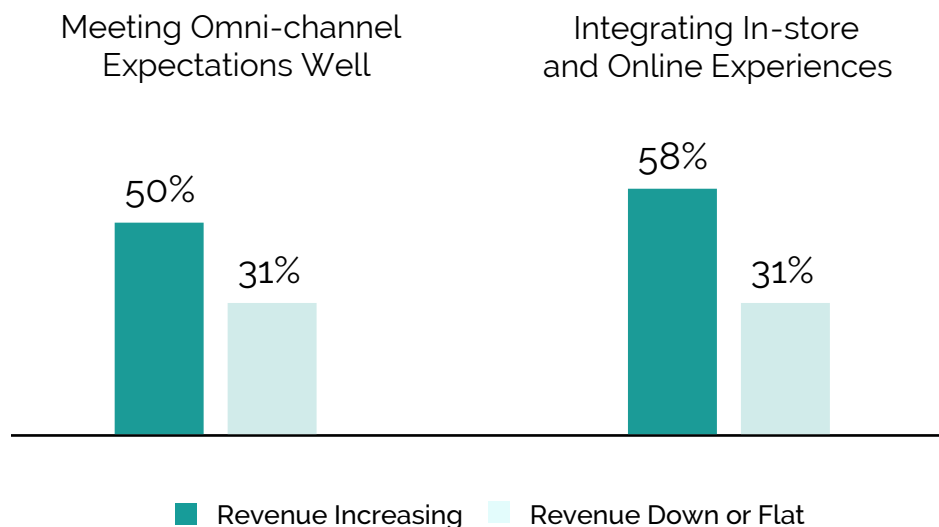
Retailers who proactively ready their organization for change and implement the required technologies and capabilities to deliver a more exciting, simple and convenient customer experience report higher confidence levels of future growth opportunities.



Some retailers are pulling ahead on investing in digital technologies to better engage customers

Retailers who are better positioned to succeed in the dynamic environment of the future are migrating to insights-driven decision making as a core capability.

Access to real-time data and predictive analytics will bolster major efficiencies in managing the right levels of inventory and staffing. Further, retailers who embrace these technologies will have greater flexibility, improved accuracy and faster transaction times to meet the high standards and expectations of consumers.



But barriers still exist with many global retailers to fully leverage technology

Adopting the right technology is still a tricky proposition for many retailers. Retailers cite challenges around employees' ability to adopt change and adapt to new systems as a risk to creating disruption. Other fears include the cost and complexity of implementing new technology not to mention demonstrating a defendable and fast ROI.



Early adopters of retail technology see strongest growth potential

Retailers must rapidly evolve to continue enhancing the consumer experience



Whether online, in-store, or a combination of the two, the consumer experience must be seamless.

Successfully understanding the consumer and enabling a competitive consumer experience in the future means incorporating new technologies throughout the value chain. Technologies such as **advanced analytics, smartphone and mobile apps** will provide both the data to develop consumer insights and the direction to optimize consumer experiences. **They will be critical to attract, engage and retain customers**

Retailers must embrace a consumer-first mentality as business strategies and initiatives are developed. Merchants who understand their consumers in terms of demands, expectations and pain points will be more successful in shaping and enhancing consumer experiences.

FUTURE ADOPTION OF NEW TECHNOLOGY



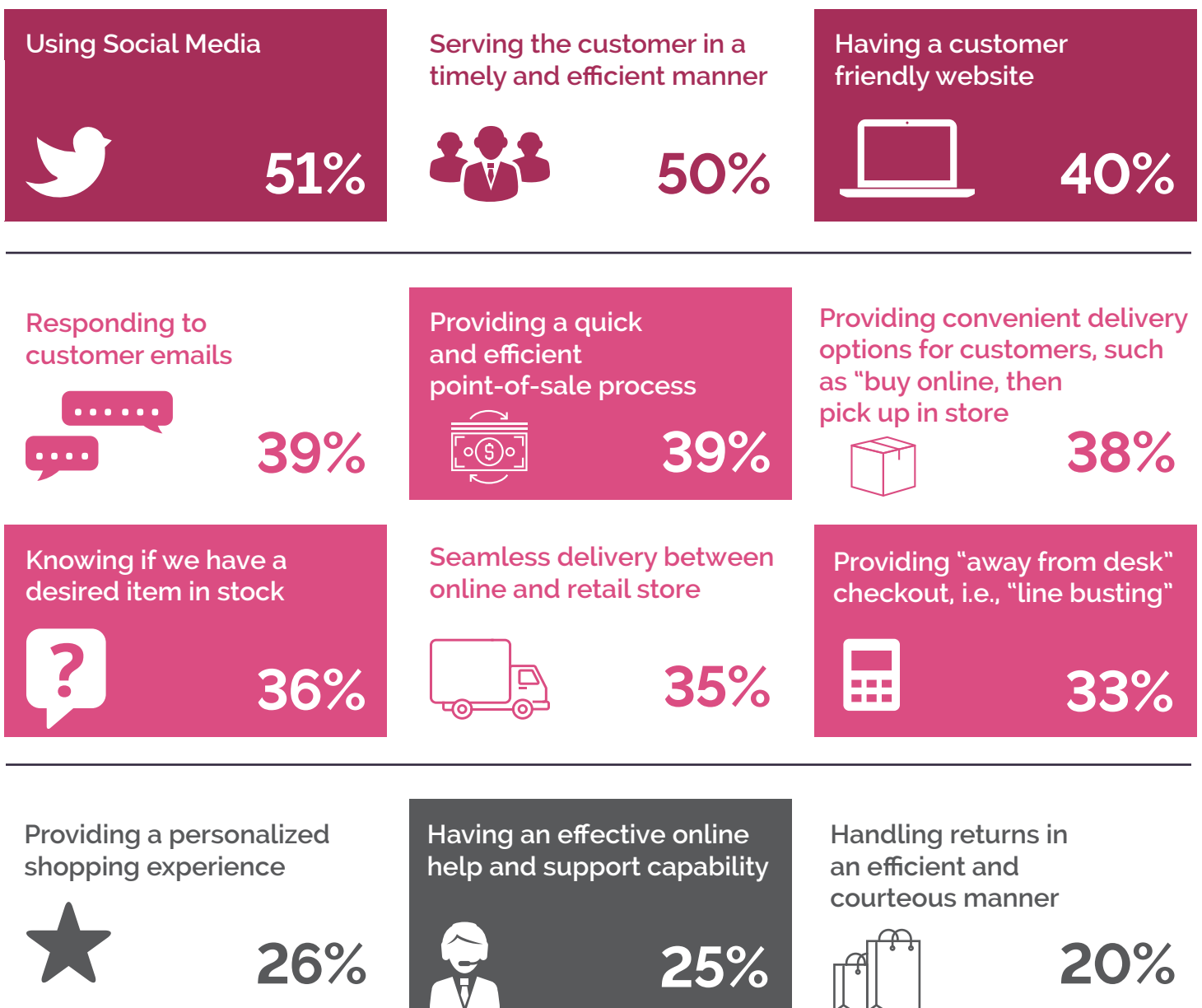
Lowe's Vision app using GoogleTango allows shoppers to tackle home projects with their mobiles.



Investment priorities to attract, engage, and retain shoppers

Over the next 24 months, surveyed retailers identified key IT investment priorities to help deliver an enhanced, more personalized customer experience, better consumer insights, and new revenue generating opportunities:

WHERE WILL YOU FOCUS IT INVESTMENT PRIORITIES IN THE NEXT 24 MONTHS?

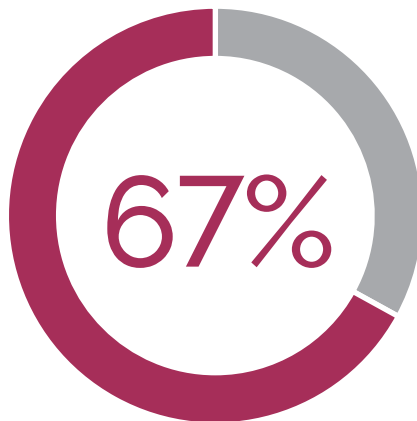


Investment in mobile interaction is key for success



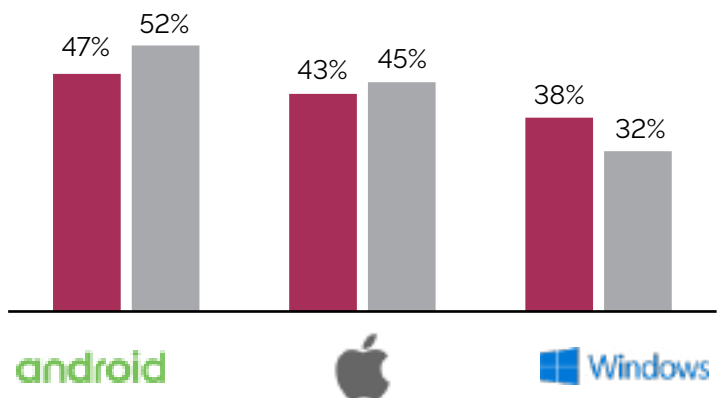
Mobile investments are a quick win for retailers looking to improve their bottom line and delight customers.

Many are already taking steps to increase their use of mobile devices on the retail floor, in the warehouse, at the point of sale and at delivery.



Plan to **Increase Use of Mobile Devices**

While Windows has historically been the dominant OS, Android mobile is growing fast due to increased availability of software and apps to support retailer needs.



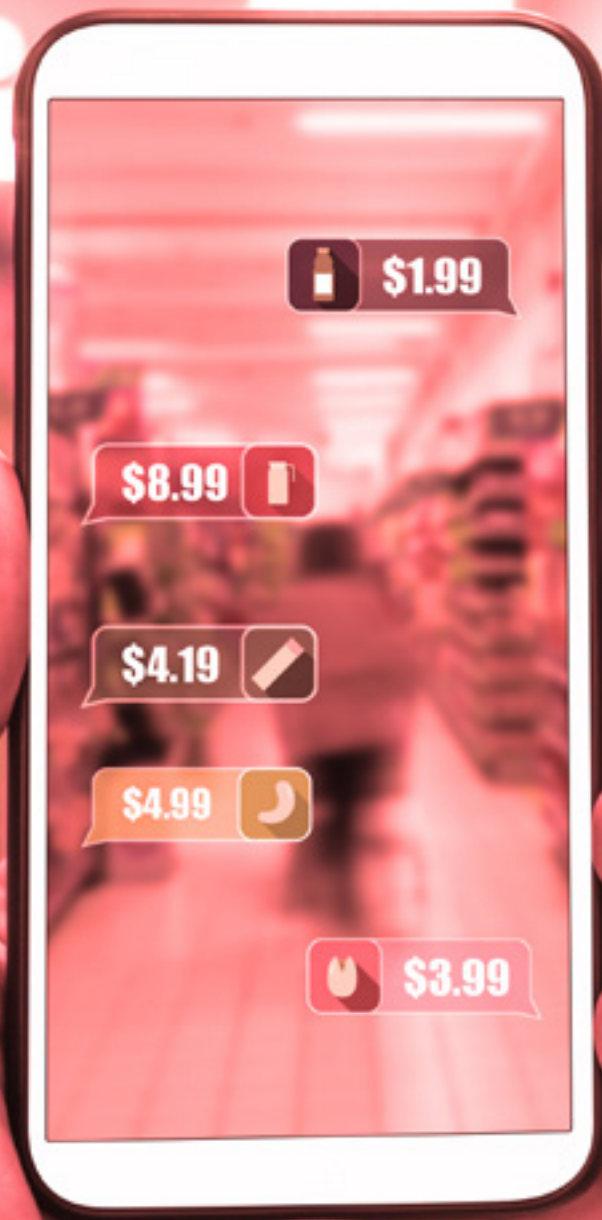
■ OS Currently Running

■ OS Will Use in the Future



Shoppers at Dartyoutlets in France scan tags using their phone to access more information about a product.





Summary

Summary



Online and offline retail boundaries blur

A range of new business models will increasingly blur the boundaries between online and offline retail, creating the need for an evolved value proposition for consumers.



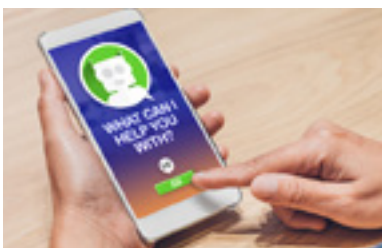
Brick and mortar transitions to a connected space.

The brick and mortar store will continue to evolve as consumer buying methods change, transitioning to places that tell stories and serve as platforms for discovery, engagement, experience and interaction.



Personalized service interaction is key

This means retailers will place a premium on technologies that support delivering more personalized services and experiences that require high levels of interaction with products and staff.



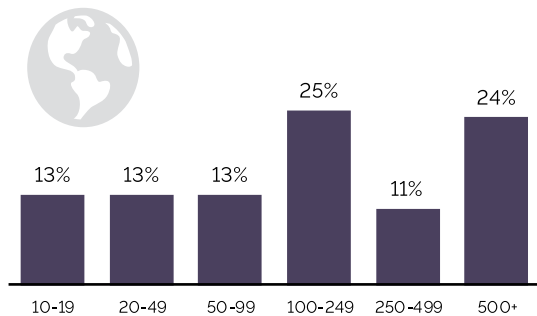
Cutting edge retail technology equates to increased company growth

Research findings point to technology as being key enablers for retailers who identified themselves as being well positioned for growth in future:

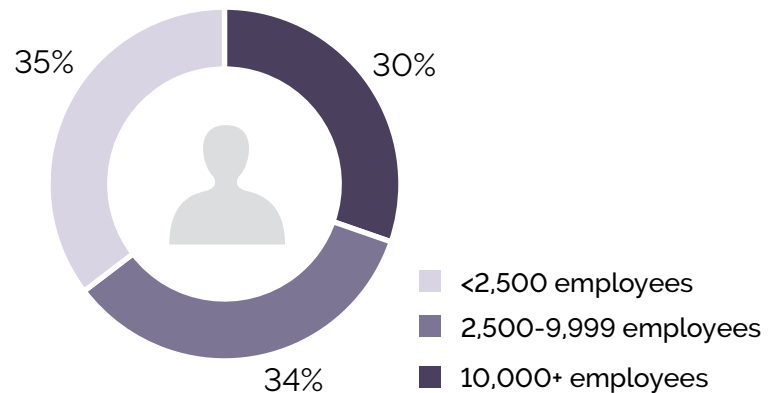
- Big data/advanced analytics
- Arming associates with mobile solutions that enable the retailer to differentiate, personalize, and enhance the customer journey from discovery to purchase
- Better tracking real-time demand to ensure correct inventory availability and a seamless customer experience

Firmographics

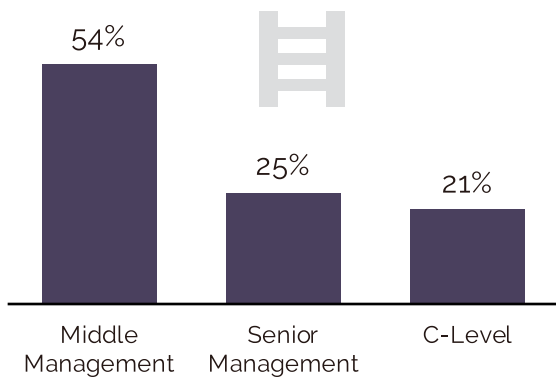
▶ Number of locations



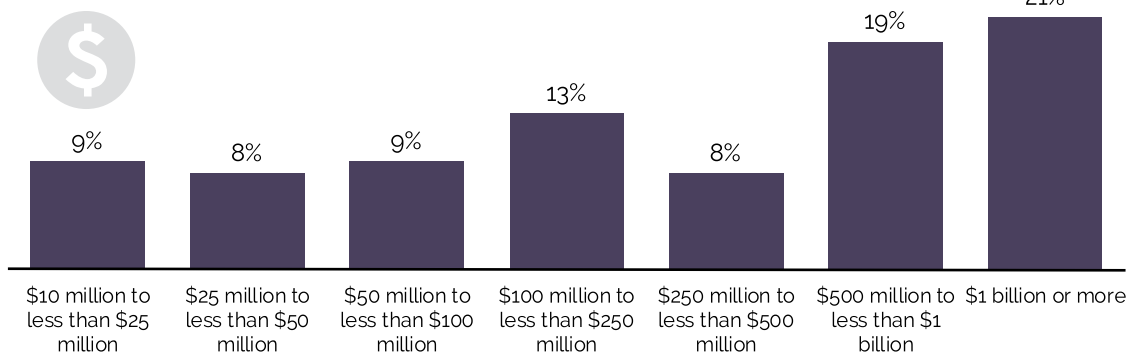
▶ Company size



▶ Current position of respondent

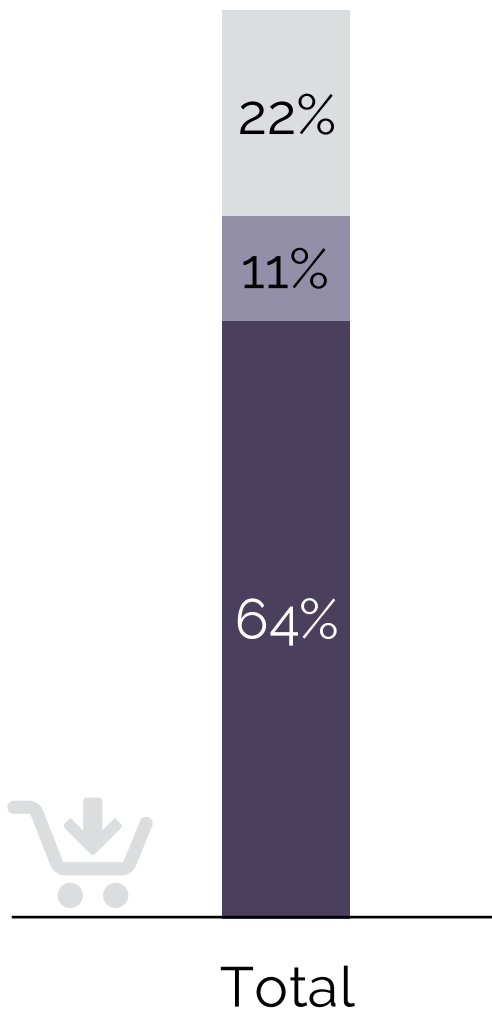


▶ Gross revenue last year

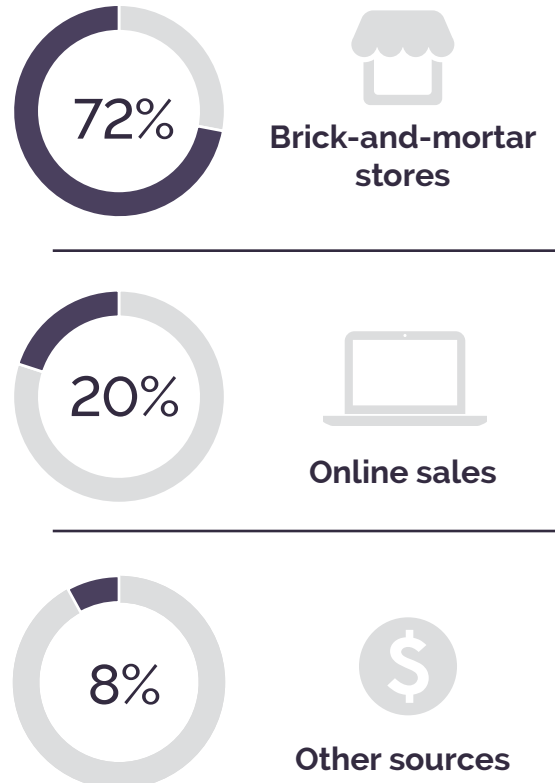


Firmographics

► Ecommerce management



► Mean percentage of sales revenue



For Macy's, item-level RFID tagging is bolstering its omni-channel strategy, ensuring demand can be fulfilled irrespective of the channel.



Survey background and methodology

Honeywell Safety and Productivity Solutions (SPS) commissioned YouGov, a global market research firm to conduct a survey with retailer decision makers to better understand how disruptive technologies and rapidly growing customer expectations influence technology investments and growth priorities among global brick and mortar retailers.

A random sample of B2B retailers from YouGov's panel were invited to participate in the online survey. The survey fielded from October 2, 2017 through November 6, 2017. Surveys were administered in the United States, Germany, France and the United Kingdom.

Objectives of the survey research

- Identify key business challenges for retailers in the face of rapid technology changes and rising consumer expectations
- Identify key opportunities for growth for retailers
- Identify investment priorities to achieve growth targets and outpace competitors
- Measure the prevalence of current data-driven solutions
- Determine how data-driven solutions have enabled retailers to improve critical business processes
- Explore expectations for data-driven solutions in the future



About Honeywell and YouGov

Honeywell

THE POWER OF **CONNECTED**

Honeywell Safety and Productivity Solutions (SPS) provides products, software and connected solutions to over 500 million workers around the globe to improve productivity, workplace safety and asset performance. We deliver on this promise through the broadest technology and solution capability in the AIDC industry, including Scanning, Fixed and Handheld Mobile Computing, Printing, Voice Solutions, RFID and Managed Services; as well as through a broad portfolio of workflow software solutions designed to automate critical business processes. Our core portfolio technologies also include cloud technology and automation solutions, the broadest range of personal protective equipment and gas detection technology, and custom-engineered sensors, switches and controls.

Our history of innovation has improved operational efficiency and workforce productivity, thus saving retailers millions of dollars. Honeywell's dedication to and focus on the unique, challenging needs of the retail sector has contributed to our success in building long-term relationships with the top companies throughout the industry. Honeywell has a long history of innovation in the retail industry, with many firsts in barcode, mobility and workflow automated solutions. And as the cloud, mobility and the Internet of Things redefine how industries work, the organization and breadth of connected productivity and safety solutions position Honeywell as a leading force to enable the evolution of traditional retailers toward a connected, smart and highly efficient value chain. Honeywell is committed to helping make companies more productive, safe and profitable.

For more information, please visit www.honeywellAIDC.com.

YouGov[®]

What the world thinks

YouGov is an international data and analytics group. Our core offering of opinion data is derived from our highly participative panel of 5 million people worldwide. We combine this continuous stream of data with our deep research expertise and broad industry experience into a systematic research and marketing platform.

Our suite of syndicated, proprietary data products includes YouGov BrandIndex, the daily brand perception tracker, and YouGov Profiles, our planning and segmentation tool. Our market-leading YouGov Omnibus provides a fast and cost-effective service for obtaining answers to research questions from both national and selected samples. Our custom research service offers a wide range of quantitative and qualitative research, tailored by our specialist teams to meet our clients' specific requirements.

All of our products and services are underpinned by our unique data infrastructure, the principal elements of which are the Cube (our connected data library) and Crunch (our data analytics and visualisation tool).

Learn more at today.yougov.com

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