The Tech State Of The Modern Specialty Retail Store

Benchmark Report

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Executive Summary

Key Findings

While "the store of the future" has been a fascination to the retail industry for over a century, the cold truth is that stores today look and feel far too similar to how they did 10, 15, and in many cases: 20 years ago. When will the promise of all the miraculous technology that surrounds us find its way into retail stores en masse?

To find out, we conducted a different type of research than our usual annual Store Report. Rather than survey all product segments, revenue bands and performance levels, we queried the retailers who are ***most likely*** to be at the forefront of technology-enablement in their stores. After all, 80% of total retail sales are still rung up in stores. The report focuses heavily on fashion & specialty retailers – all with high annual revenue. It also focuses on retailers that are outperforming the norm in sales, and as such, can be seen as a deep look into a very specialized – and advanced – set of the retail market. The following are some of the highlights of our findings:

- Retailers are all-in on the future of stores. *85% of our respondents agree that the store remains the primary strategy for their company's growth*. The number is even higher – 90% - for those with the best sales performance in our group.
- Far too many retailers say their POS system, however, is not what it should be. In the year 2025, 20% think a POS's role is *simply to facilitate transactions*, while another 33% say their point-of-sale system is actively holding them back, preventing them from offering an innovative or differentiated store experience. Real change needs to happen here.
- Retailers continue to give their stores far higher marks than do their shoppers, a trend that only grows each year. The good news is that the best performers appear to be more aware of these chasms and are investing more in both customer-facing AND associate-facing technologies to help reverse the damage.
- Retailers have a significant amount of money set aside to invest in stores in the coming 12-18 months: 70% have planned investments in their assisted selling/endless aisle capabilities, while 66% of the best performers will be investing in their in-store's ability to handle cross-channel customer orders in real time. The coming year should be an exciting time for stores.

Based on our data, we also offer several in-depth and pragmatic suggestions on how retailers should proceed. These recommendations can be found in the **Bootstrap Recommendations** portion of the report.

We certainly hope you enjoy it,

Brian Kilcourse and Steve Rowen

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Research Overview

A Thought Experiment

Consider the following thought experiment: when asked to envision "the store of the future", what comes to mind? It's a question we've been asking since we began our company back in 2007.

For most of the folks we've queried over the years, the image that comes into view is rife with technology, purpose-built to wholly transform the current shopping experience. Products are displayed in cleaner, more vibrant ways. Employees are knowledgeable and helpful, with near-magic, tech-enabled wizardry at their fingertips to solve any and all problems in the blink of an eye – always with a smile. Merchandise is stunning and endlessly available. A customer's loyalty is known by the brand and rewarded, while online activity prior to the store visit continues seamlessly in the store. Checkout is effortless.

The problem is that when we began posing this question back in 2007 (before the first iPhone even launched!), this was many respondents' vision for a store in all-too-distant 2025. Yet today, in that seemingly once unpredictable future, most stores look and operate far too closely to the way they did back then.

The store of the future, it seems, is an elusive vision.

All is not lost, however. The past two decades have brought about enormous technological possibility for our industry. Smart mobile devices have delivered on *the promise* of near-magic to retailers – particularly for those willing to leverage their power to maximum effect. *In the hands of associates*, mobile devices facilitate ways to engage with customers and problem-solve in endlessly creative ways. *In the hands of store managers*, these very same technologies replace a daily routine of drudgery and back-room tasks with the ability to be out on the showroom floor, converting a severely underused resource into the best-informed set of eyes in the house. And when used *at the point of purchase*, these low-cost, fully-featured, consumer-grade devices open up a world of possibility for retailers to satisfy shoppers' increasingly fickle demands for ***far less capital investment*** than the POS systems of old.

Why then, aren't the stores of today what we dreamed they would become?

That is what this report seeks to find out.

Methodology

This report is somewhat of a departure from the typical RSR benchmark. While we still follow our patented BOOT Methodology© to analyze the **B**usiness challenges, **O**pportunities, **O**rganizational inhibitors and **T**echnology enablers associated with the state of in-store technology, this report focuses heavily on retailers from the Fashion & Specialty (apparel, footwear, accessories, luxury, personal care products) and General Merchandise categories. It is also squarely focused on larger retail enterprises. The vast majority come from retailers with more than $500m in annual sales.

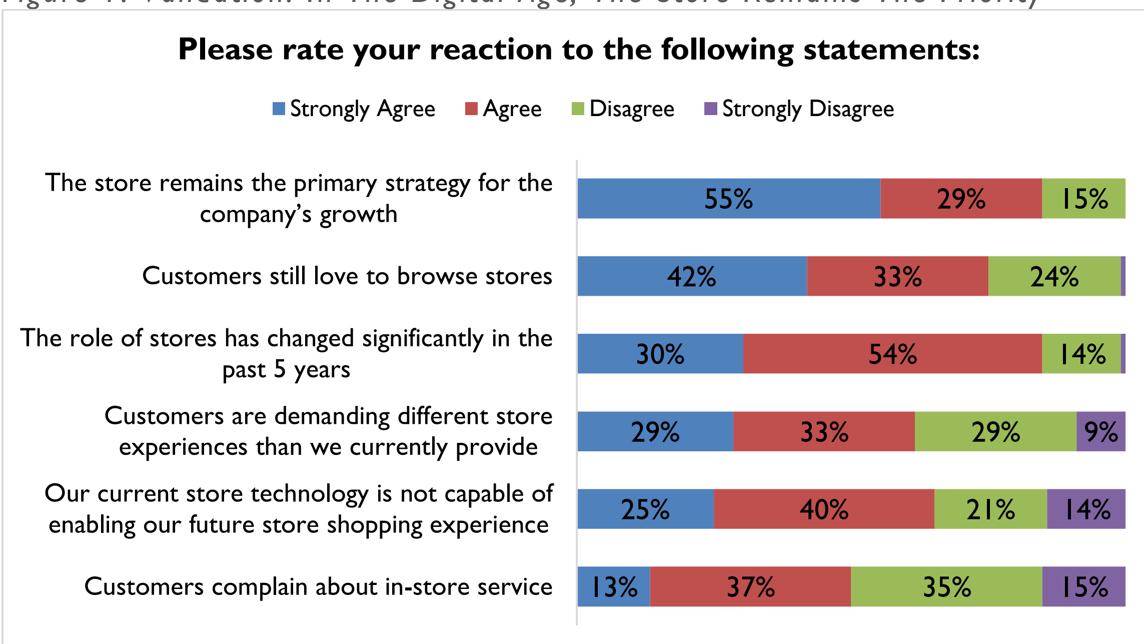
Over 80% of the retailers surveyed in this benchmark come from the Fashion, Specialty, and General Merchandise segments (60% from fashion, alone), with just a small sample of retailers coming from the fast-moving consumer goods category (food & drug, convenience) for purposes of comparison. Virtually no hard goods, hospitality, or restaurant retailers were included. As such, this report should be viewed as an insight into a world outside of fast-moving consumer goods, a segment seldom known for its adoption of bleeding-edge technologies. The majority of respondents also come from what RSR calls Retail Winners, or those whose sales are outperforming the industry average. Further detail on how Retail Winners are categorized follows later in this section.

As such, the retailers queried here represent the best of the best. Retailers from the segments that have *always* been the most tech-forward, who also have high annual revenue, and who are *also* outperforming their competitors. If anyone's stores are ripe for a technology-driven reimagining, it's this particular group of retail respondents. Let's dive in.

All-In

Before we begin getting into the detail of which challenges retailers find most concerning, however, and which opportunities will be most crucial to convert, we must first validate if stores are even still worth all the fuss. Figure 1 proves that for our respondents, indeed – they are.

Figure 1: Validation: In The Digital Age, The Store Remains The Priority



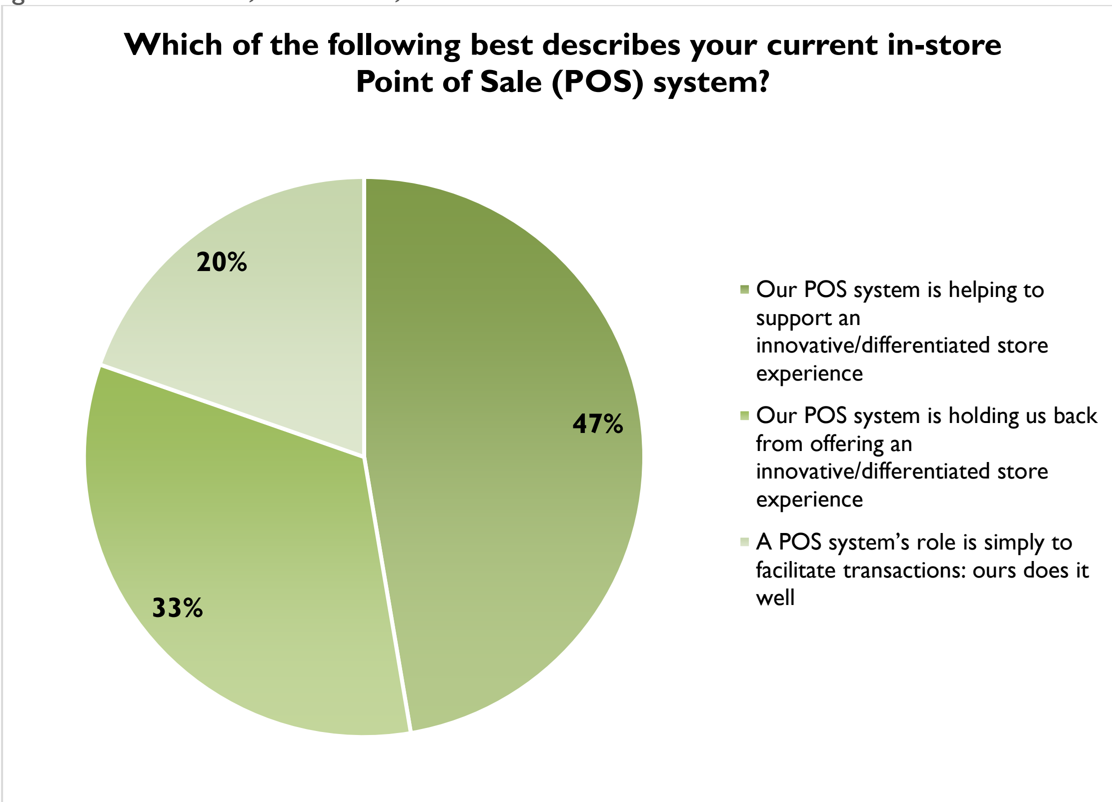
Source: RSR Research, May 2025

Our retail respondents are clear: **they are all-in on stores**. While their optimism regarding customers' love for shopping in physical stores may be slightly overestimated – and their belief that stores' role hasn't changed that much in recent years appears to trail reality (more on both of these points in a moment), the headline from Figure 1 is that *retailers strongly believe that stores represent their best opportunity to grow in 2025*. This may well be the most important finding from this entire report, and is certainly the one from which all ensuing findings will flow: in an age where Amazon.com continues to devour market share and online shopping becomes the default for entirely new categories each year, the best retailers are still banking on stores to grow their brand.

Not So Fast

Despite their positive outlook for the future of the store, however, retailers do not share the same level of sunny optimism for their current point of sale systems (Figure 2).

Figure 2: The POS, However, Gets Mixed Reviews



Source: RSR Research, May 2025

Even though "our POS is helping to support an innovative store experience" was the top choice among our retail respondents, it is worth noting that *less than half of retailers* feel that way. A ***full third*** report that their current point of sales is holding them back from creating the type of differentiated store experience they'd want to offer – and that's too many. The remaining 20% of retailers who are content with their POS system (simply because they believe its only function is to handle transactions) are missing the point. A POS system in 2025 is and should be far more than that.

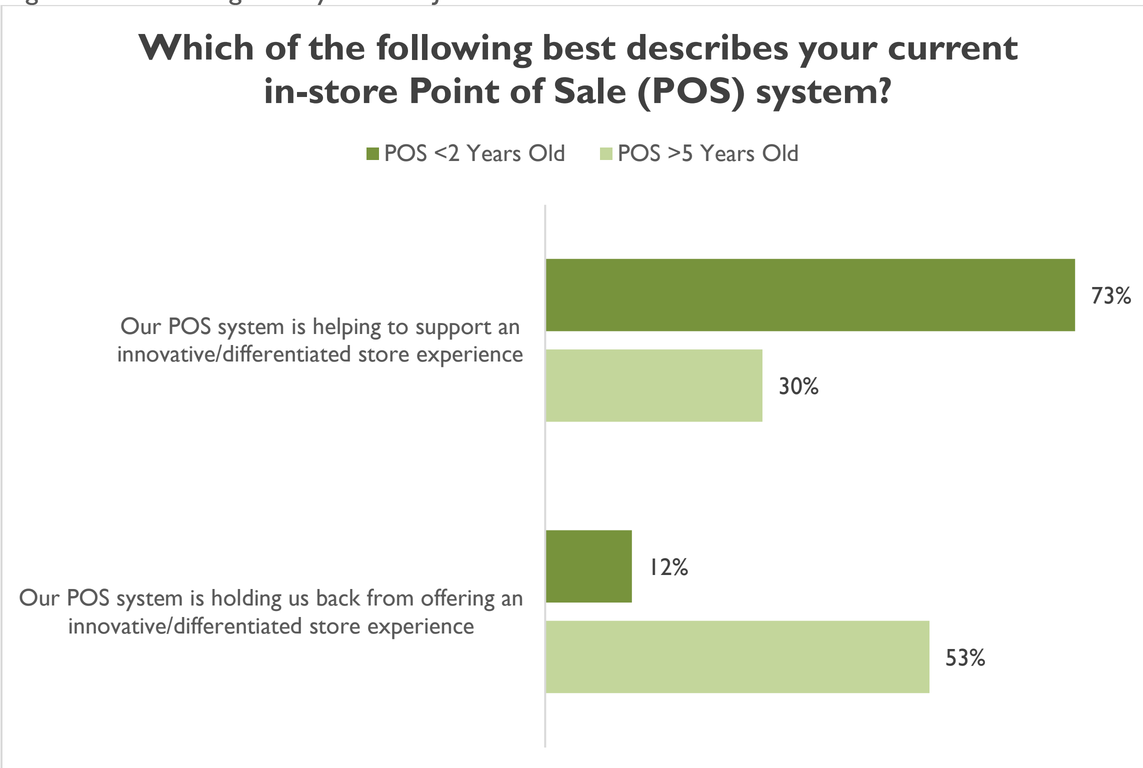
In fact, because the POS system is both backbone and heartbeat of any modern store's overall technology profile, it would appear we have our first quantifiable indicator of what's holding so many retailers back from bringing their stores out of the 20th century feel that still dominates a quarter of the way through the 21st: lack of vision.

Age Is More Than A Number

Before we despair over this group of high-performing retailers' being hamstrung by an old-and-in-the-way POS system, there is one other angle from which we wanted to view our "state of the POS" scenario: system age.

As Figure 3 shows, those who've updated their point of sale system in the past two years have a far more positive outlook on what that investment will enable.

Figure 3: POS Age Plays A Major Role



Source: RSR Research, May 2025

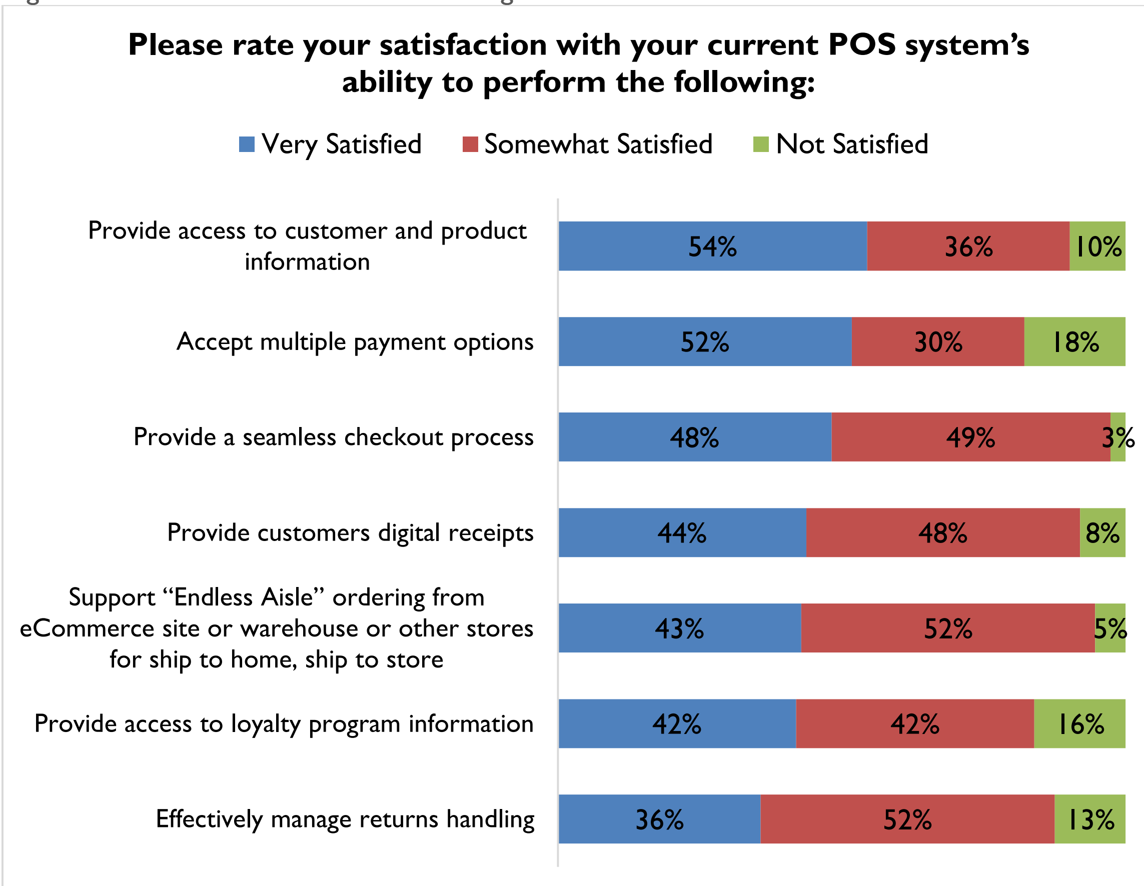
This is a very important chart to keep in context while reading the findings of this full report. Newer POS systems provide retailers with the perception that they are better equipped and empowered to support an innovative/differentiated store experience. Newer tech gives them a fighting chance of keeping up with consumers, plain and simple. And as we've already established, consumers are not interested in *why* stores feel like tech-free zones, they just know it isn't working for them.

Retailers who recognize this are giving themselves the best chance of surviving in this increasingly difficult market.

Education Required – Or Hubris?

When pressed for *more* details about their current point of sale, Figure 4 confirms our previous discovery: a lack of vision. Despite so many retailers describing their POS as holding them back from offering an innovative shopping experience or simply "good enough to transact", most of our respondents still feel their POS performs adequately at granular task level. With 90% expressing satisfaction with their POS' ability to access product (and customer) information, even our tech-savvy specialty retailers seem in need of education as to how much better next-gen POS systems could perform. The only other explanation: they are giving themselves – and their systems – too much credit. Customers would (and do) tell them to think differently.

Figure 4: The Details Reveal Strengths & Weaknesses



Source: RSR Research, May 2025

One area where our respondents are clearly knowledgeable about room for improvement, however, relates to returns handling. RSR had the good fortune to conduct research on in-store returns directly before the world shut down due to the COVID-19 pandemic. The result was a snapshot of the way retailers viewed returns at that time. In short: in February, 2020, the ability to accept online orders in stores would be a "nice feature to have someday."

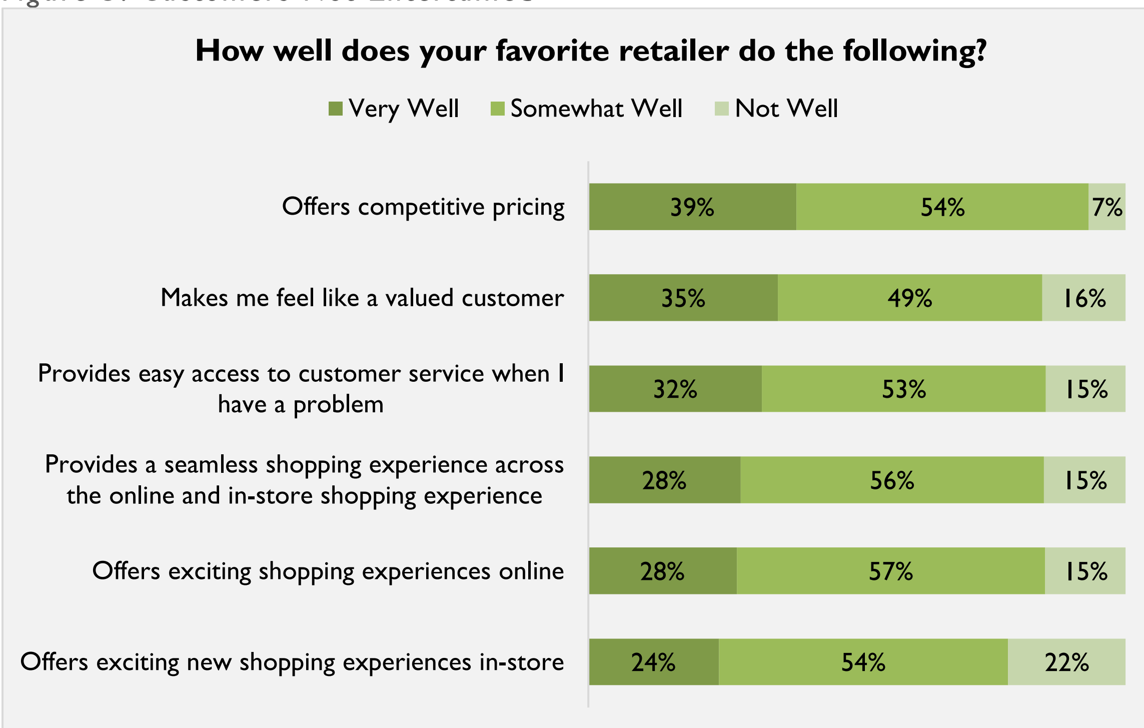
Things changed rapidly a few weeks after we concluded that research, and virtually every store-based retailer with online presence cobbled together *some* type of BOPIS solution. The problem is that those solutions, built quickly and out of necessity for survival, were rarely done with efficiency/cost effectiveness in mind. Our retail respondents know it's now time to fix these processes properly, and their POS plays a major role in how they plan to do that.

Figure 3 also points to some other areas where retailers clearly want more than their current offering provides: namely in accessing loyalty program information and supporting endless aisle. While the former is an easy lift for most next-gen POS systems, the latter is incredibly difficult – but no less critical in its role in raising customer satisfaction. Both need improvement.

Still, retailers need more help understanding just how far behind they've fallen in consumers' eyes. From our recent 2024 study of 1,100 US-based shoppers age 18+, we can see that even when thinking about their favorite retailer, shoppers are far less rosy-eyed about the shopping experience. While more than half of retailers are pleased with their ability to provide customer and product information at the POS (Figure 3), and 75% agree that customers still love to browse stores (Figure 1), shoppers don't share their enthusiasm. Less than a quarter think that their very favorite retailer offers a great shopping experience in-store.

These chasms only grow wider each year.

Figure 5: Customers Not Entertained



Source: RSR Research, May 2025

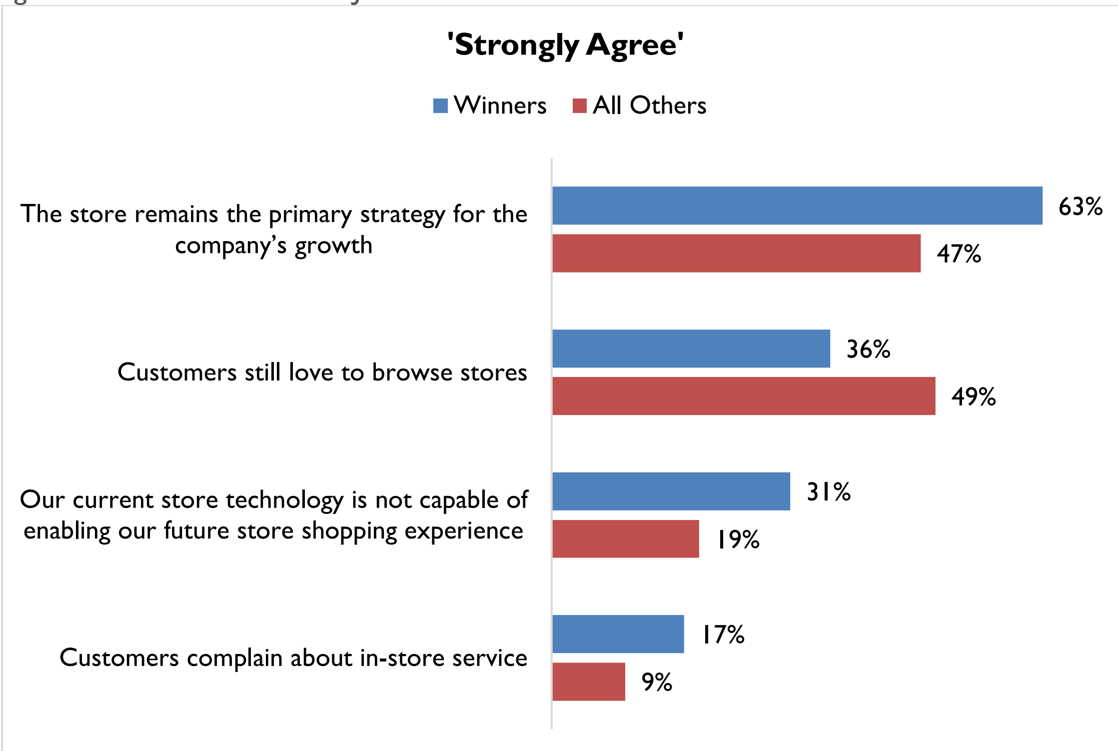
Retail Winners And Why They Win

In our benchmark reports, RSR quite frequently cites differences between retailer over-performers in year-over-year comparable sales and their competitors. We find that consistent sales performance is an outcome of a differentiating set of thought processes, strategies and tactics. We call sales over-performers "Retail Winners."

RSR's definition of these Winners is straightforward. Assuming industry average comparable store/channel sales growth of **7 percent**, we define those with sales above this hurdle as "*Winners*," those at this sales growth rate as "average," and those below this sales growth rate as "*laggards*" or "also-rans."

To illustrate the point, we present Figure 6, which highlights some of the meaningful ways Winners view the world differently.

Figure 6: Retail Winners Just Get It



Source: RSR Research, May 2025

Consider all we've learned so far. While our general pool is optimistic for the future of stores, it is Retail Winners who are driving that charge. Whereas average and underperformers are more likely to cite that customers still love to browse stores, Winners are more realistic that some of that joy has been lost, and know they must take great strides to win it back. They are more aware that their current store tech is not capable of doing all they must, and they are also more aware that customers are not pleased with current levels of in-store service.

Put simply, Winners get it. Thankfully, due to the segments we targeted for this report, Retail Winners make up majority of our respondents. As a result, we won't need to call out their differences all that frequently. Read on to learn more.

Survey Respondent Characteristics

RSR conducted an online survey from December 2024 – January 2025 and received answers from 112 qualified retail respondents. Respondent demographics are as follows:

- **2024 Revenue (US$ Equivalent)**

Less than $250 million	3%
$250 million - $499 million	13%
$500 million - $999 million	45%
$1Billion to $5 Billion	35%
Over $5 Billion	4%

- **Products sold:**

Fashion & Specialty (Apparel, Footwear, Accessories, Luxury, Personal Care/Cosmetics)	60%

General Merchandise	22%
Fast Moving Consumer Goods (Convenience, Food & Drug, Health Care Products)	18%

- **Retail Presence:**

USA	98%
Canada	21%
Latin America	4%
UK	10%
Europe	5%
Middle East & Africa	1%
Asia/Pacific	1%

- **Year-Over-Year Sales Growth Rates** (assuming average growth of 7%):

Better than Average (Retail Winners)	53%
Average & Underperformers	47%

Business Challenges

Is OK Ever Okay?

It's long been established that few shoppers walk into a store – particularly a specialty retailer – as a blank page. They've done *some* type of pre-shopping behavior online prior to that visit. The only question is how much.

So when we asked our respondents to self-identify their systems' capabilities to do make sense of that online data ***in-store*** to give store associates the best chance possible to serve and personalize shoppers' experience - why is "OK" still the number one response? (Figure 7).

Figure 7: Incomplete Pictures

Source: RSR Research, May 2025

Retailers – even the best retailers here in this research – have clearly backed themselves into a corner from a tech perspective. Customers have steadily been leaning on smart mobile devices more with each passing year, and retailers have spent too many of those years inactive. A decade ago, they told us they were waiting to see how things played out. Five years ago, they told us they were waiting for a time when their eCommerce platform could serve as their in-store POS.

These excuses aren't valid anymore, and retailers cannot continue to wait. From last year's report:

> *Nearly 3 out of 4 US-based shoppers say the way they shop stores has changed significantly in the past three years. This undoubtedly means technology, and unwise is the retailer who buries their head to avoid how quickly the modern landscape is changing. Shoppers are likely to encounter more tech-friendly options at their doctor's office than they are at most retail stores, and are resolute in their message: they want the store experience to level up to the rest of their lives. Stores simply cannot continue to exist as the "technology-free zones."*

However, the message does not seem to be getting through:

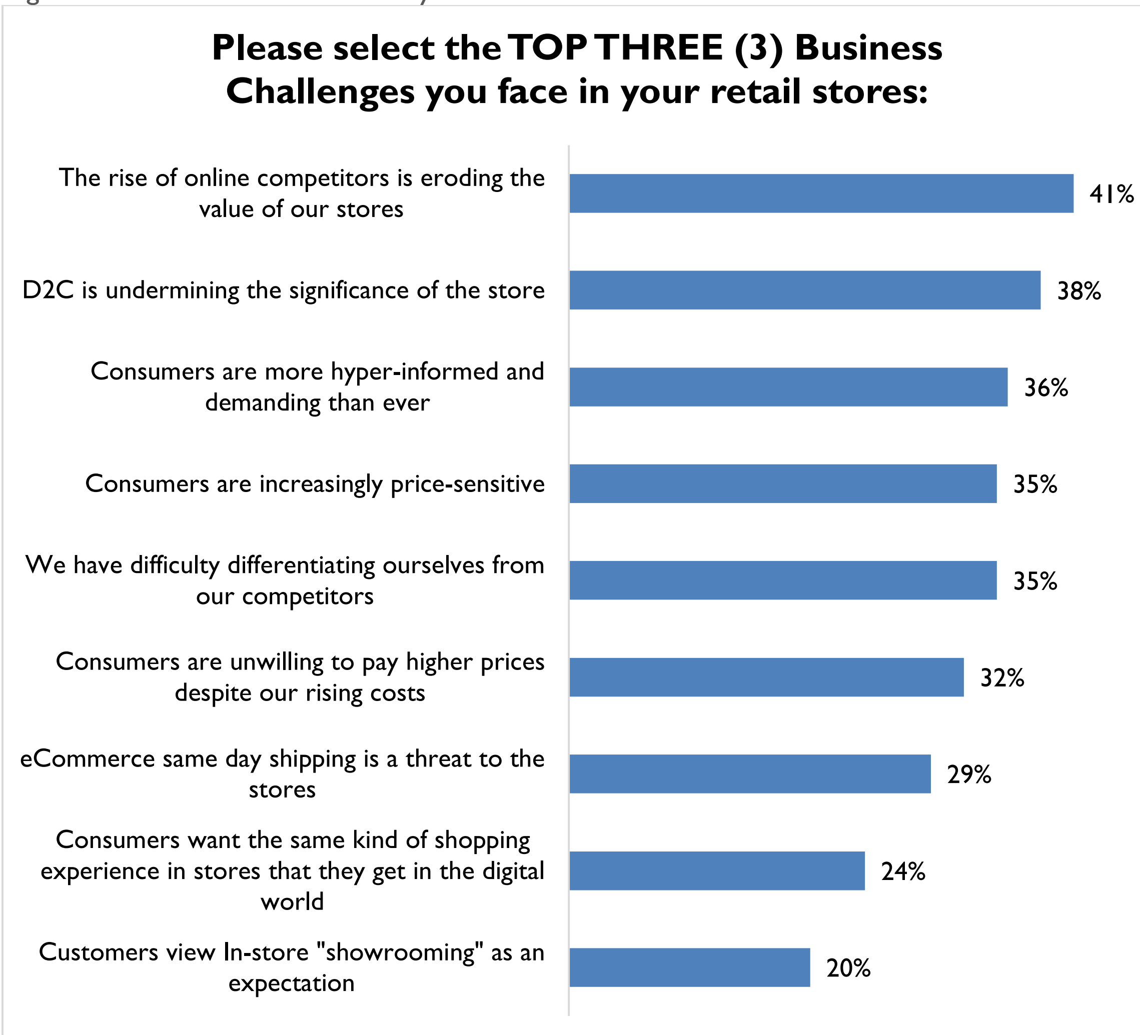
- 73% of consumers agree that "how I shop in stores has changed significantly in the past 3 years" (RSR Research 2024, *Why The Store Won't Survive As A Tech Free Zone*)
- And yet in Figure 1 (page 2), only 30% of retailers strongly agree that "the role of stores has changed significantly in the past 5 years"
- Also in Figure 1 (page 2), only 29% of retailers strongly agree that "customers are demanding different stores experiences than we currently provide"

The writing is on the wall, and customers are demanding better. We cannot stress enough how much retailers need to stop wasting precious time waiting to put more technologies that provide relevance to consumers into their stores. The time is clearly past due.

The Reasons Why

Much of the answer for why retailers have settled for "good enough" is that they perceive an enormous number of challenges pressing in on their stores' ability to perform from *outside* of the organization. When viewed in aggregate, our retail respondents – some of the highest revenue and most successful retailers in North America – are struggling with a raft of exogenous challenges (Figure 8).

Figure 8: Retailers Face Many Hounds At The Gate

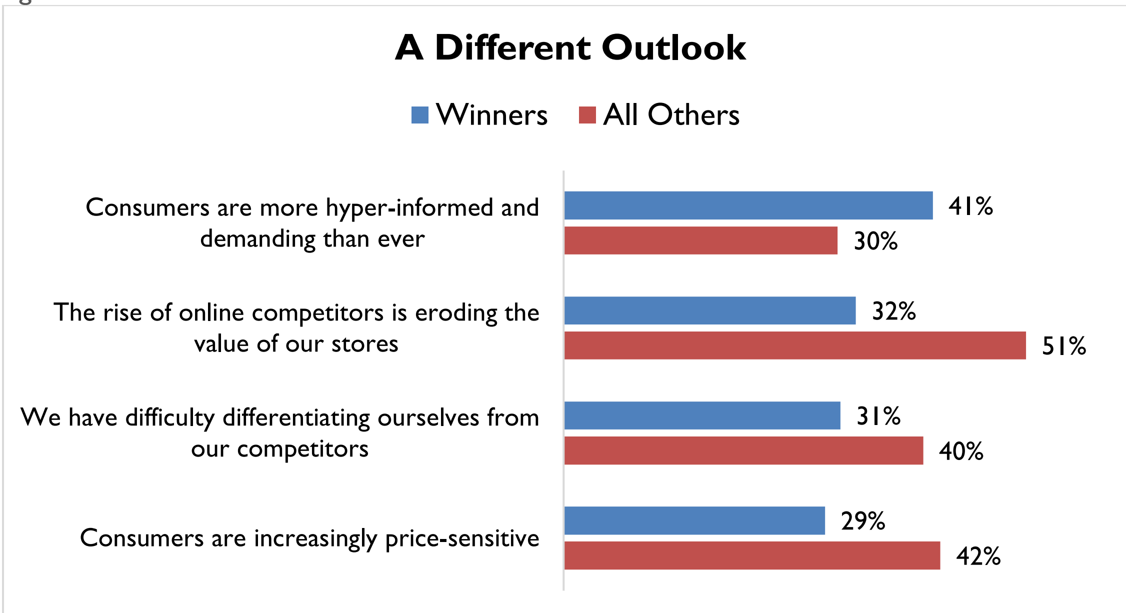


Source: RSR Research, May 2025

Perspective Matters

It is worth nothing, however, that the very best performers in our group have a slightly different take on these same external challenges (Figure 9).

Figure 9: The Devil In The Details



Source: RSR Research, May 2025

The best (of the best) retailers are – once again – more aware of what is really going on in stores. Figure 8 shows the following key differentiators in how Winners view the exact same landscape *all* retailers face:

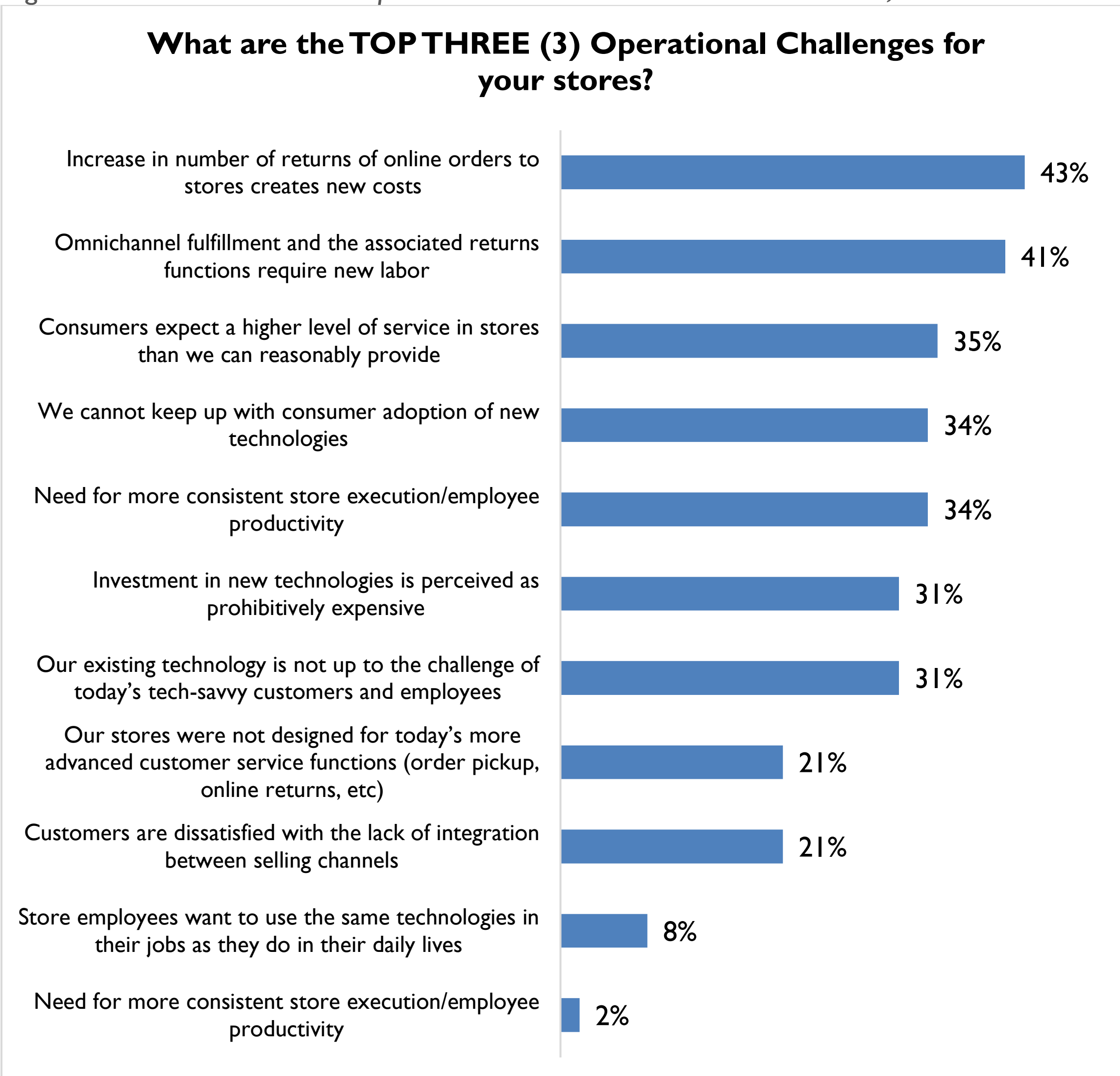
- Winners are wary of the customers' demanding nature for the right reasons: because shoppers are more hyper informed than ever - **NOT because they are increasingly price sensitive**. Shoppers may know more today about a brand's prices vs those of its competitor, of course, but ***shoppers have always been price sensitive***. RSR has been studying retail pricing for nearly 20 years. We have learned that regardless of what year it is, which political administration is in power, or which product segment is being shopped: price is shoppers' first priority. Even when shopping for luxury goods, customers still want to get the best deal possible. No one likes to be a sucker, and the hyper-informed nature of the digital age just means shoppers are more likely to find out when they are. Winners know this and are focusing more on dealing with shoppers' increased knowledge of all things retail. It's a smarter approach.

- Winners also focus on things *they can control*, whereas average and underperformers look elsewhere. Winners are less likely to be distracted Amazon and its perceived indomitability. *Stores still offer something online competitors can't, and Winners recognize that*. They are doing everything they can to offer a satisfying store experience, and make less excuses about how difficult it is to differentiate themselves from competitors – or compete with those in the digital-only realm. They keep their focus where it can be most effective.

The Operational Story

Earlier, we highlighted how retailers underestimate *shoppers*' awareness about the changing role of the store. However, when asked about their *own* perceptions of the store, retailers see a tremendous shift occurring, and it is mainly driven by the abundance of product returns (Figure 10).

Figure 10: Retailers' Perception: Inside The Gates Is No Picnic, Either



Source: RSR Research, May 2025

We will address the returns issue more in its own section in just a moment.

Before we do, however, it is worth noting all of the other ways retailers think the store has irrevocably changed, even if they don't like to admit that customers' shopping behaviors have:

- As is customary in our research, we asked retailers to select *exactly three* operational challenges from a list of nearly a dozen options. As a result, anything with more than 33% of the vote represents a significantly significant number. With that in mind, the top seven data points in Figure 9 show that almost every operational challenge is perceived as significant:
  - Customers are demanding better service than associates can provide
  - Stores can't keep up with how quickly consumers utilize new technologies
  - Employees need to be more productive than they are
  - New technologies are perceived as being too expensive AND
  - Even if they think they could afford it, retailers tell us their existing tech stack is too old to integrate with today's tech

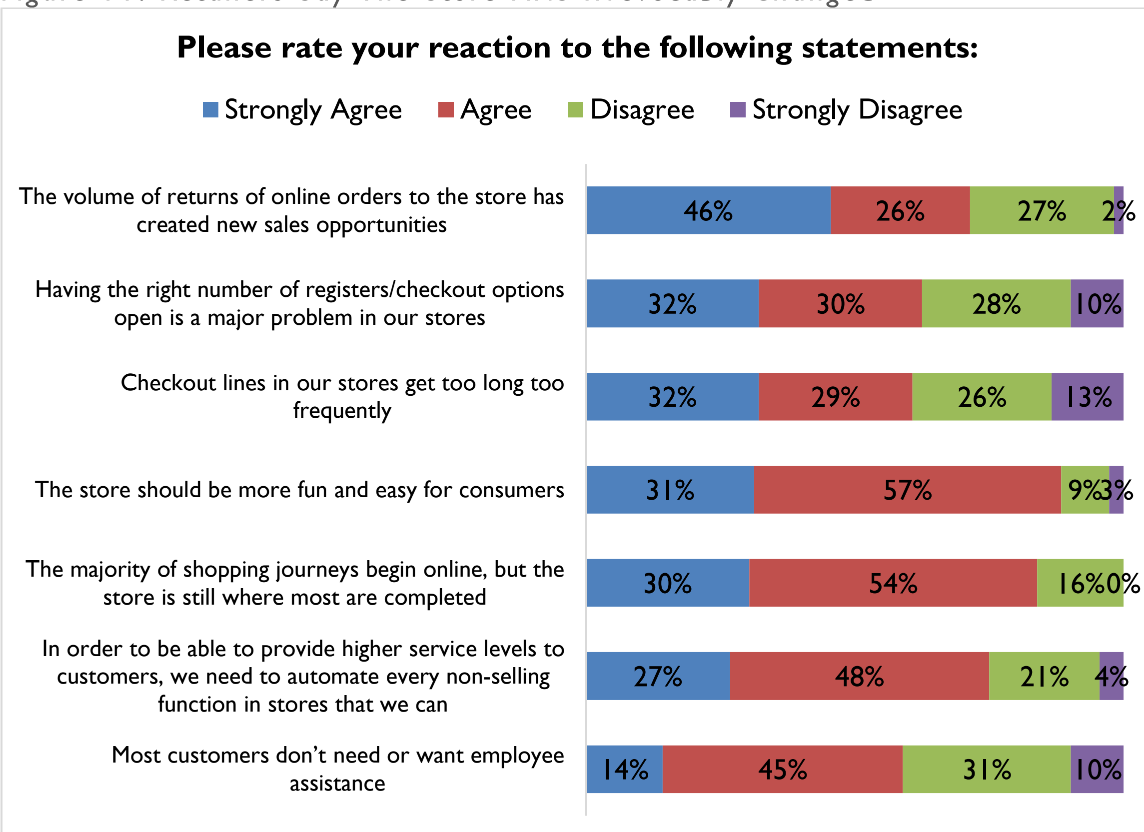
In a word, our retailers are overwhelmed. They have a litany of operational problems in their stores, and this is *before* we even approach the topic at the top of their list: the volume of online returns currently flooding stores.

The Returns Story: Expensive AND A Profit Generator?

There are essentially two sides to the returns issue for the retailers in our survey, highlighted as the top issue in two separate charts. One tells a story of loss, the other of potential gain:

1. The invariable **cost** associated with accepting online returns in stores (the top two data points in Figure 10, including the increases in labor costs required to handle those returns)
2. The potential **upside** that exists from the ancillary sales those online returns enable (the top data point in Figure 11)

Figure 11: Retailers Say The Store HAS Irrevocably Changed



Source: RSR Research, May 2025

When it comes to online returns, retailers are in an interesting position:

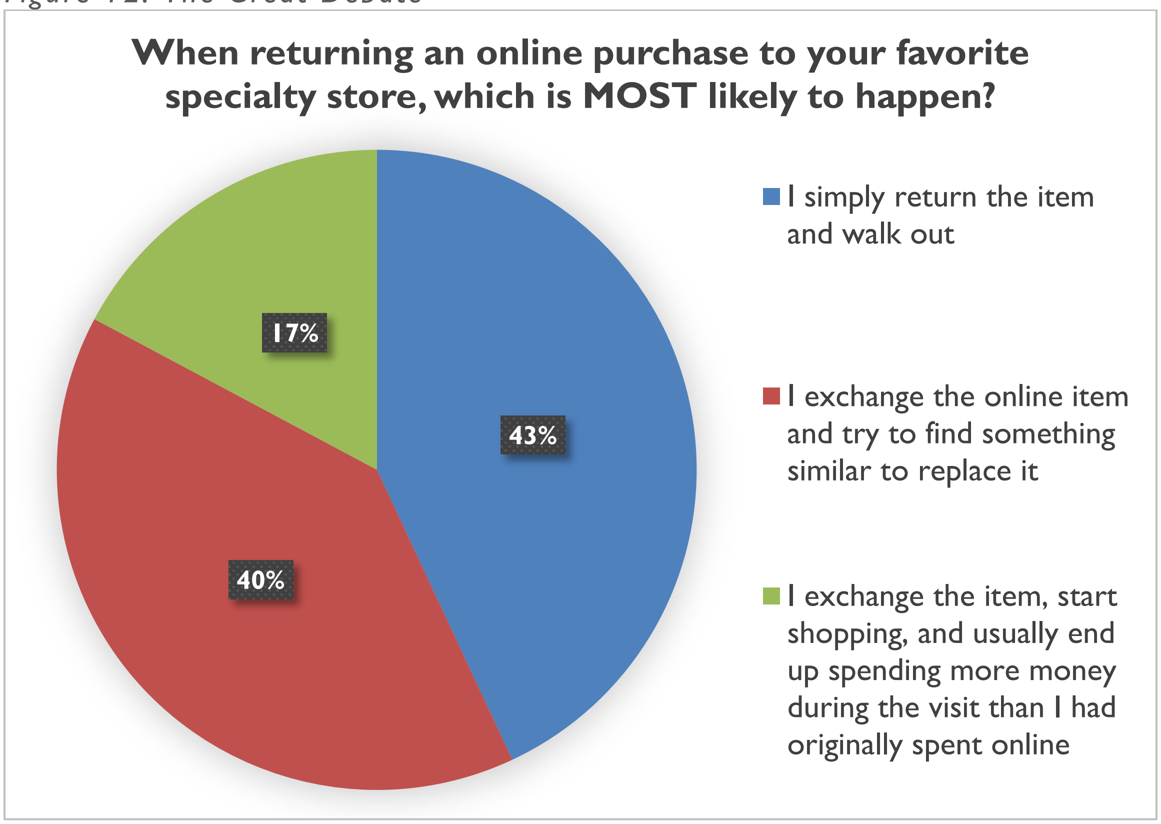
- Firstly, they must accept them. While many are experimenting with new rules around accepting returns in order to minimize their losses (shortening return windows, limiting number of returns, altering returns rules based on various per customer classifications, etc), online returns are non-negotiable.
- Those retailers whose returns processes have not been overhauled since their (likely) creation during the pandemic are particularly challenged, as the processes they cobbled together in a hurry are not fit for today's scale of returns. The ability to accept a return is one thing: the ability to profitably handle that merchandise is far more complex.

- However, as vexed as our retailers may be by this reality, nearly 3 out of 4 seek to create new sales from these store visits.

The question is: do returns of online products to stores actually create ancillary sales? Do those sales create net positive revenue even after accounting for the increase in labor and training costs to handle them appropriately? Some brands have bet their future on the concept, but our research increasingly shows that the format of the store accepting returns greatly affects the possibility of walking out having spent more than they just returned. According to shoppers, the likelihood of walking out spending more than they just returned fares better at a grocery store accepting Amazon.com orders than it does in fashion, where they have gotten quite used to ordering four versions of an item, keeping the one they like best and simply returning the other three.

Consider what shoppers told us their next action most commonly is when shopping at their favorite specialty brand (Figure 12).

Figure 12: The Great Debate



Source: RSR Research, May 2025

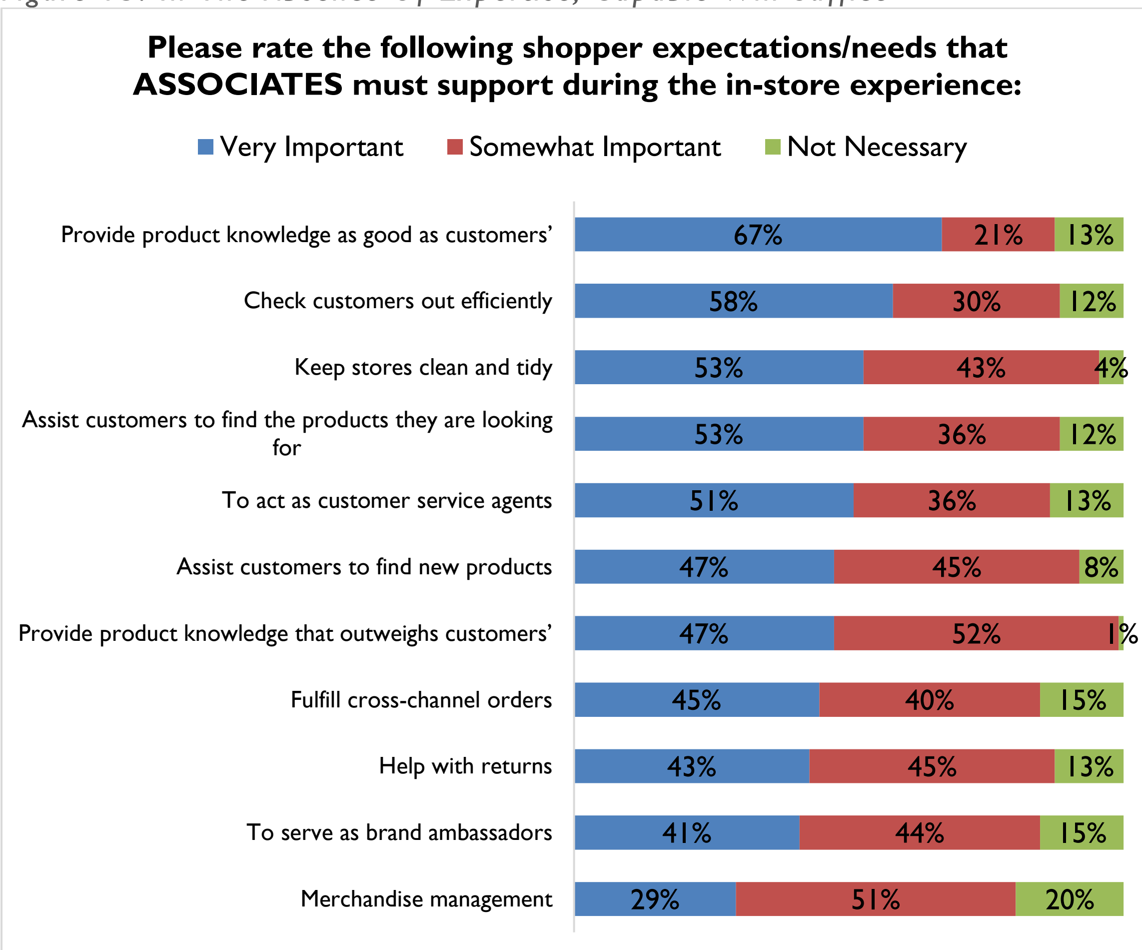
As a result of all these challenges facing our retail respondents, we must now turn our attention to how they intend to convert as many as possible into areas of Opportunity.

Opportunities

The Recurring Theme Of Good Enough

When provided with a long list of ways associates could help meet shopper expectations, even a group as accomplished as ours' number one choice is to simply have a product knowledge as good as the customers' (Figure 13).

Figure 13: In The Absence Of Expertise, Capable Will Suffice



Source: RSR Research, May 2025

Put simply, retailers know it is exceedingly difficult – particularly with the resources they currently have - to create and retain store associates who can be as helpful to a shopper as that shopper's mobile device can be.

The new retail workforce model is nothing like what retailers have relied on for decades: one where churn and burn practices are commonplace, and an endless stream of willing retail employees is always waiting to form the next wave of store associates. Today's workforce isn't interested in that kind of lifestyle, and retailers are having to let go of this model, despite it having served them so well for so long.

At the same time, however, customers' default mode is now ingrained: they instinctively go to their phones to service their product and store needs. As a result, retailers report their best way forward is to do no harm; don't try to be experts, just try to hang in there.

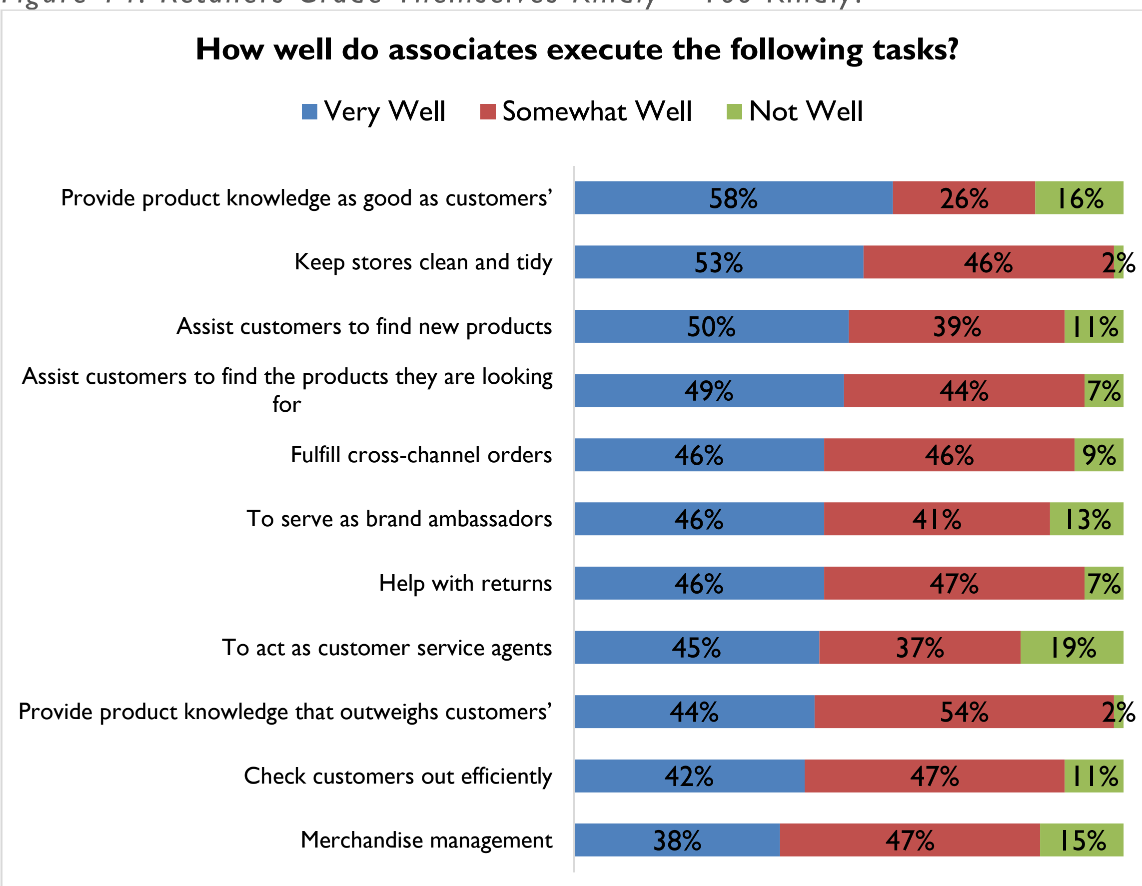
It is worth noting that the best performers in our group, however, set a somewhat higher bar for themselves (and their associates):

- 56% of Winners say associates' ability to provide product knowledge that outweighs customers' is very important – only 38% of average and lagging retailers say the same.
- Winners are also more likely to see their store associates as fulfilling the role of brand ambassadors - a term used frequently in our industry but seldom experienced during routine shopping trips. By way of comparison, average and lagging retailers are more likely to emphasize more pedestrian endeavors such as "efficient checkout" (64% to Winners' 53%).

Mirror, Mirror

The next thing we wanted to know is how retailers self-assess their efforts to date. If product knowledge, great looking stores and customer service are what matters most, how are they doing to date? As Figure 14 shows, their own report cards are quite flattering.

Figure 14: Retailers Grade Themselves Kindly – Too Kindly?

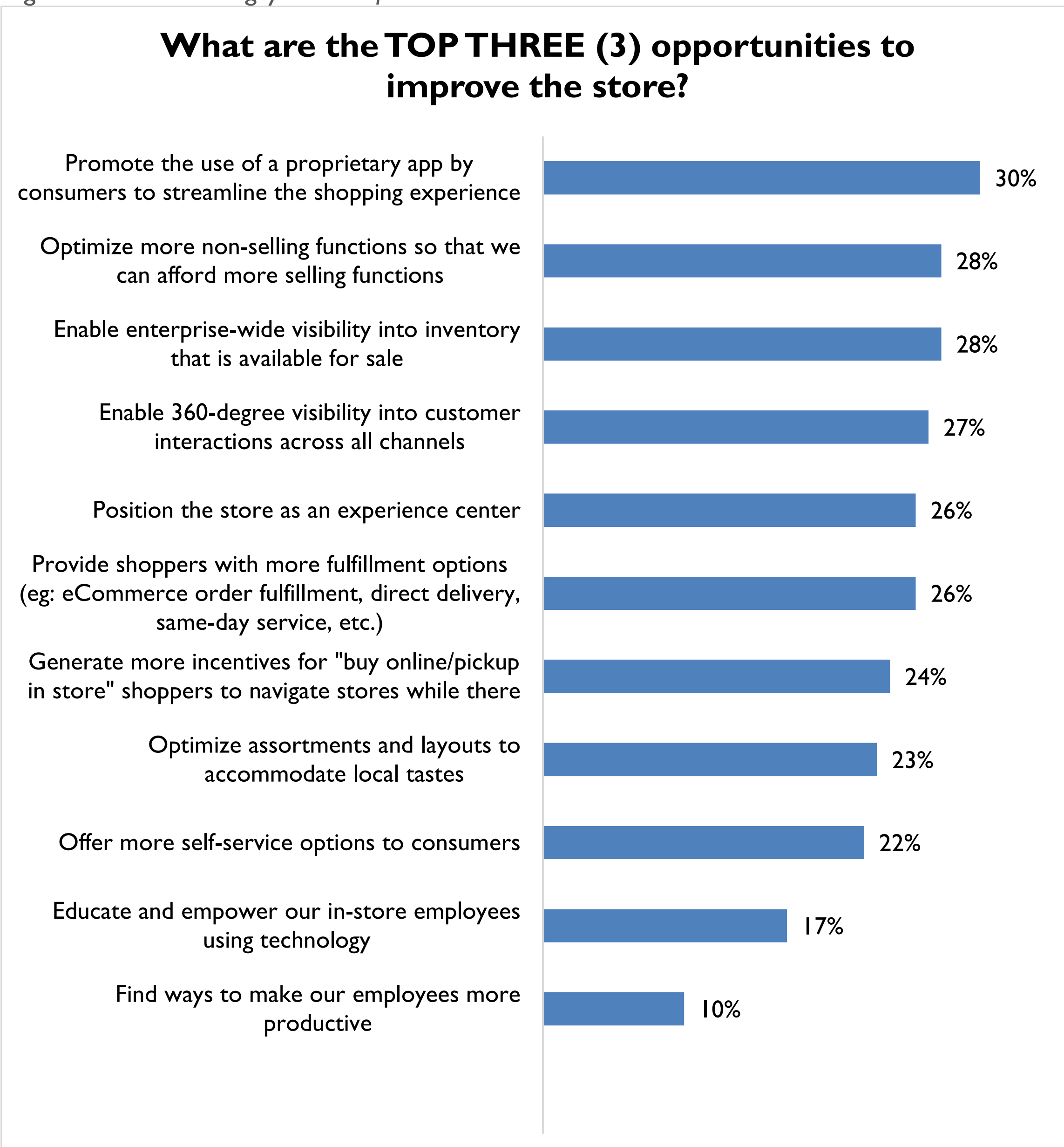


Source: RSR Research, May 2025

Now What?

With all this in mind, we asked retailers to force-rank a wish list of ways to improve the store. Figure 15 shows one thing quite clearly: the technology community has some work to do to help educate retailers about what is really possible – and about what matters most.

Figure 15: Seemingly Out Of Touch



Source: RSR Research, May 2025

The data in the above chart is, quite frankly, all over the road. Retailers' top perceived opportunity to make stores more relevant and exciting for the consumer is to promote their proprietary branded app.

Here at RSR we frequently conduct consumer research, and shoppers have *never* told us they are clamoring to download another individual retail store app. It's just not where they are, and retailers *need to be where their customers are*.

But far more importantly, there is no consensus among our group about which areas to improve in our list grabbed their collective attention. None of the options on offer garnered more than 33% of the vote, meaning nearly just as many retailers prioritized improving self-service as they did improving inventory accuracy – an area where retailers have been telling us for years is the lynchpin to a better everything.

The retailers queried in this survey are excellent at what they do. They sell exciting products. They are on the upper scales of the revenue band, year in and year out. The majority of them are outperforming the industry average. And they still need quite a bit of help understanding what it is that could help make their stores more relevant in the eyes of the consumer.

Let's now find out about how their internal roadblocks – their Organizational Inhibitors – are holding them back.

Organizational Inhibitors

The Compelling Reason To Modernize

The inescapable fact that all retailers must contend with is that consumers have a world of information at their fingertips anytime and anywhere, about products & their attributes, prices & availability, and community feedback about them. Recent industry reports suggest that almost 65% of all retail sales are digitally influenced, and with a huge majority of consumers owning “smart” mobile devices (in the U.S., over 90% in 2024), that number only expected to rise.

As mentioned in the intro, 4/5ths of retail sales still conclude in store. And that is the compelling reason that retailers must modernize their in-store technology: to give the same access to information and functionality to customers and employees that they utilize outside of the store, in the store. The question that retailers grapple with is whether an infusion of new technologies into the store will add to sales or help control costs.

Enabling Shoppers To Help Themselves

In RSR’s 2024 benchmark on the state of the store, we noted that:

> *“We asked retailers to project how much selling vs. non-selling activity will change in the next two years. While almost one-half of both Winners and others agree that there will be more selling (customer-facing) activity in the stores, far fewer Winners think that non-selling activity will also increase, in spite of all the new order-fulfillment and related services that consumers are demanding.”*[1]

In this study, we wanted to learn more specifics about what retailers are spending too much time on vs. those tasks that are being under-served. It quickly becomes apparent in Figure 15 that retailers fret that they spend too much time **answering customer service questions**.

Retailers worry that as important as it is, this activity is too time consuming. Earlier in this report retailers highlighted their top three opportunities to improve the stores as the ability to “*optimize more non-selling functions so that we can afford more selling functions*”, to “*promote the use of a proprietary app by consumers to streamline the shopping experience*”, and to “*provide the same level of digital content to consumers in store as we provide online*”. In other words, retailers want to make non-selling functions more efficient, but they also want to enable shoppers to help themselves via the personal mobile technologies.

When it comes to shopper enablement, the good news is that many consumers want the same thing that retailers do. In a 2024 survey of U.S. shoppers, 51% of the approximately 1200 consumers we surveyed agreed that “*I prefer to use my own mobile device to solve any issues I might have in a store*.”

Of the time-consuming non-selling functions that retailers report, one stands out: *administrative tasks*. In the Opportunities section of this report we highlighted how 85% of retailers either “agree” or “strongly agree” that “*in order to be able to provide higher service levels to customers, we need*

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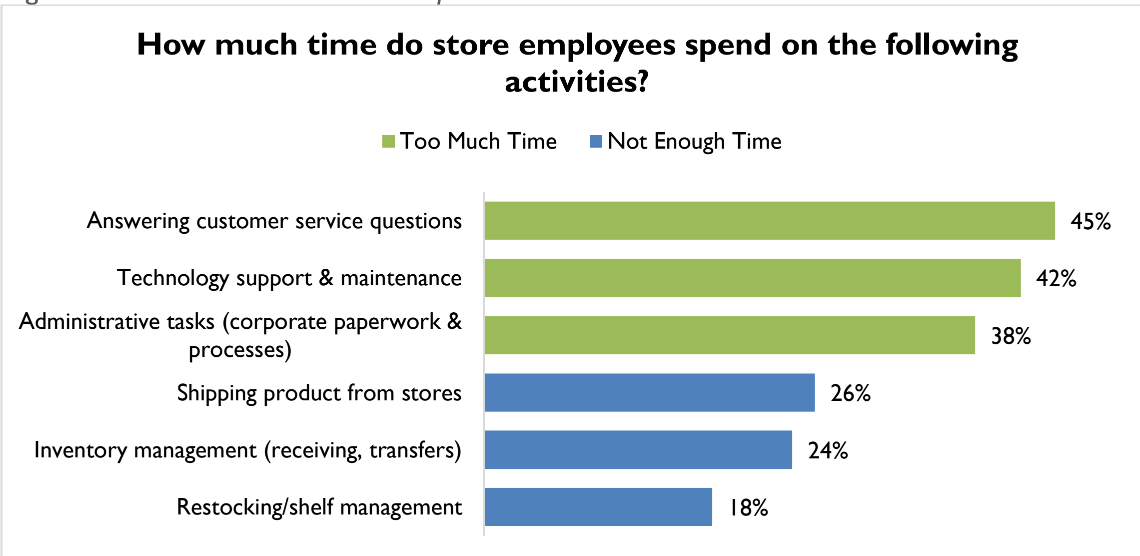
[1] **Why The Retail Store Won’t Survive As A ‘Tech-Free Zone’,** RSR Benchmark Report, April 2024

to automate every non-selling function in stores that we can". The finding highlighted in Figure 16 is further confirmation of that opportunity.

Figure 16: A Clear Need To Optimize Activities



Source: RSR Research, May 2025

While too much time is expended on some activities, some of our respondents also express concerns that **merchandise management activities** in the store aren't being given enough time. Shoppers expect retailers to keep the selling floor stocked; the 2024 RSR shopper survey revealed that 81% of the consumers surveyed agreed that "*it is retailers' responsibility to deliver products to consumers no matter what*". Even if these activities are not tech-enabled (and we would argue that they are good candidates), creating time savings in other areas would enable store operators to give more attention to merchandising tasks.

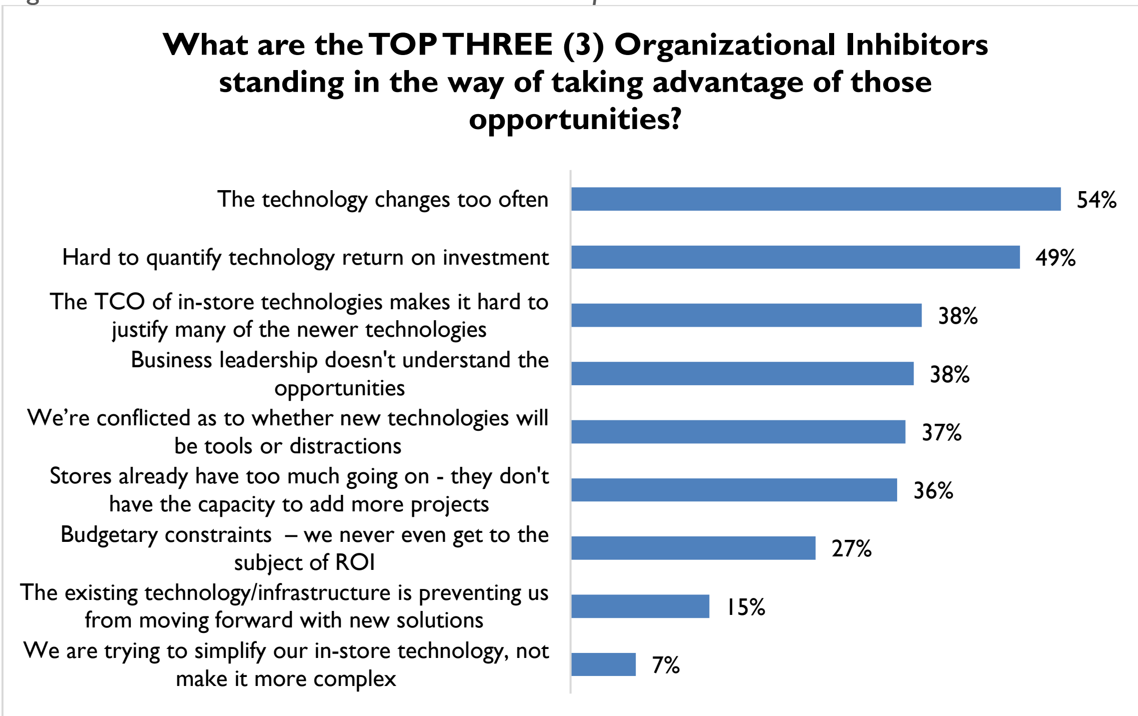
What Holds Retailers Back? And How To Get Around Them?

What we can glean from the discussion above is that the need for digital enablement in the store is real and urgent. Consumers want a shopping experience that is more information-rich so that they can help themselves, and retailers want to create new efficiencies to counteract the new costs associated with omnichannel selling (for example, picking and shipping customer online orders, or handling returns of online purchase). And employees just want to keep up with hyper-informed shoppers.

These issues are certainly a reflection of the business challenges that we discussed earlier in this study. So the obvious question is, why not act?

The answer to that can be found in an understanding of store profit & loss statements. With store gross incomes being as thin as they are, retailers simply can't afford to make investments that aren't accretive. Figure 17 demonstrates retailers' natural reluctance to be on the front edge of any new technology adoption.

Figure 17: Retailers And The Store Multiplier Factor At Work



Source: RSR Research, May 2025

Of these inhibitors, the top-two are important to address.

"***The technology changes too often***" is an example of what RSR calls "the store multiplier factor" at work. Even a relatively modest new investment, multiplied by the number of stores and/or employees, can quickly add up to a huge number. While fast-changing technologies can help retailers increase efficiency and improve the customer experience, they also require employee upskilling to leverage new tools and capabilities effectively.

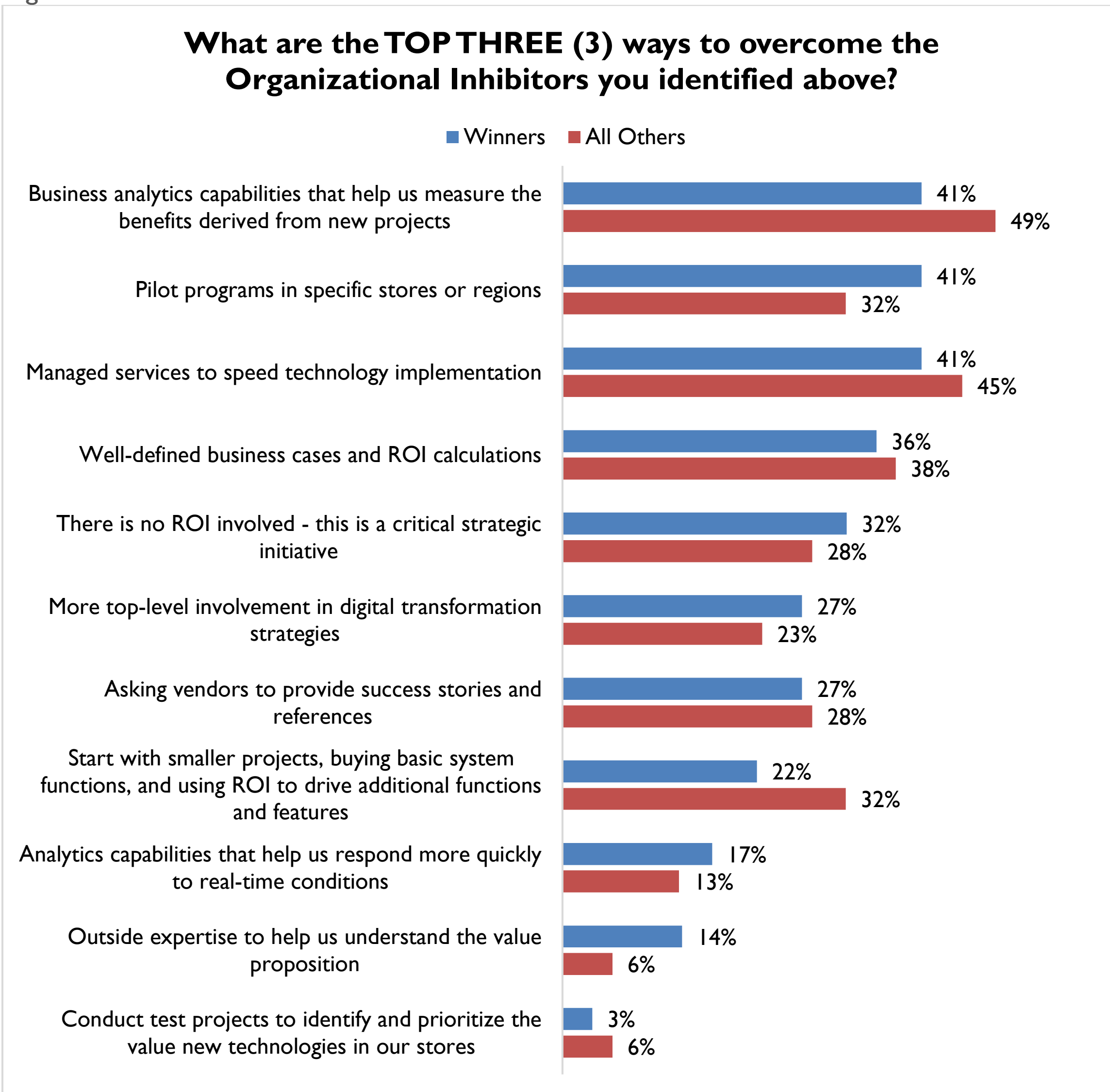
With these concerns in mind, retailers resist a seemingly endless cycle of technology upgrades and replacements in the store. In the Research Overview section this report, we noted that 77% of the retailers in the study have POS systems that are 2 year or older, and 27% have systems that are 5 years or older. In contrast, most consumers renew cellphones every 2-3 years and 12% renew them *every year*[2]. But trying to keep up with consumer adoption of technology seems like an impossible task, especially when **the return on investment** is hard to quantify.

These inhibitors are potential show-stoppers for one-half of all the retailers who participated in this study. The question is, how to get around them?

Figure 18 highlights a "chicken or the egg" paradox. While almost half of both over-performers and other retailers like the idea of **managed services** as a way to speed technology adoption, Winners are more favorable to **pilot projects** accompanied with **business analytics** to ensure that promised benefits are being delivered.

[2] https://www.consumeraffairs.com/cell_phones/cell-phone-statistics.html?ref=birchtree.me.

Figure 18: Retailers Consider Which Comes First?



Source: RSR Research, May 2025

Average and under-performers prioritize the idea of using business analytics to measure the benefits of new project – without favoring the new projects to be measured! And the fallback positions almost cancel each other out: **well-defined ROI analyses** vs. admitting that the **ROI doesn't matter**, that modernization is a strategic imperative (i.e. the competition is leading the charge).

Whether or not any investment is accretive (i.e. it adds to the profitability of the operation) is fast becoming a moot point. Failure to bring stores up to the same level of technology enablement that consumers enjoy in their lives has become a barrier to compete.

There are several truths at work here. First, it is indeed the fact that forward leaning retailers are defining the state of play when it comes to enabling both customers and associates with real-time information and functionality via mobile technology. Secondly, consumers are unambiguous about how they use technology to inform their purchasing decisions. Third, the cost of both the technology and business functionality delivered as services via “the Cloud” has plummeted to the point where even very small retailers can afford it.

With these factors at work, retailers are forging ahead despite the inhibitors discussed here. In the next section of this report, we’ll highlight how retailers prioritize their technology investments.

Technology Enablers

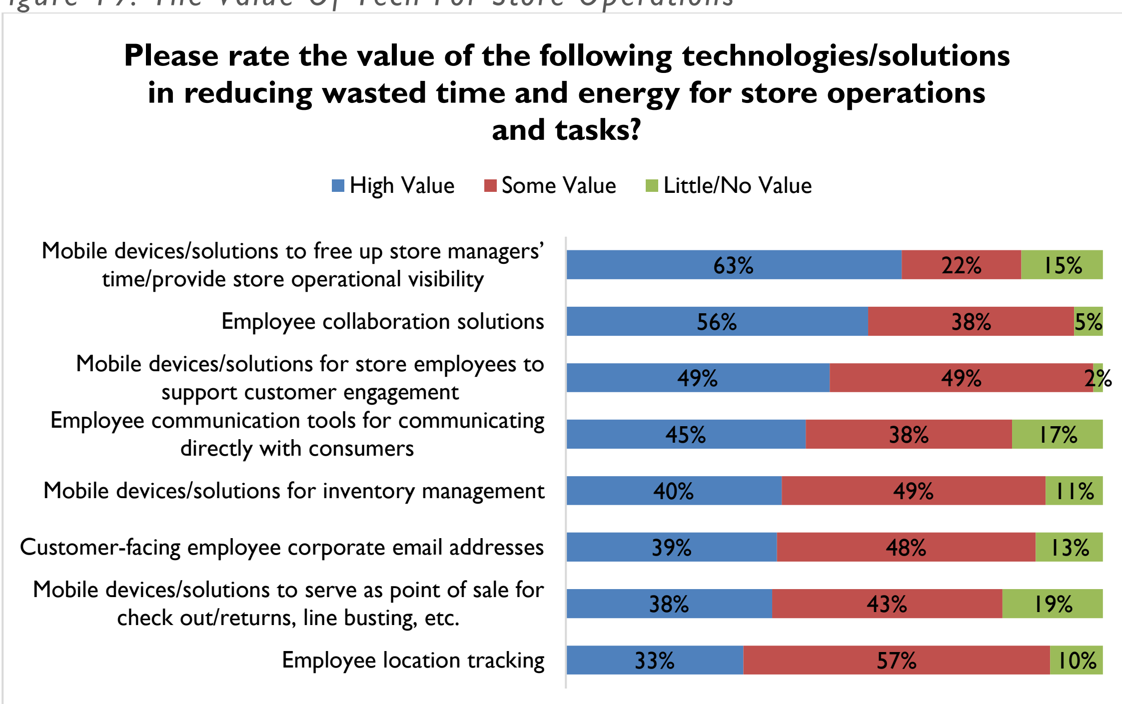
Charging Ahead

Whether or not retailers have some misgivings about the costs associated with modernizing the store, it's clear to the majority of retailers in this study that many of the capabilities that we asked about hold a lot of potential value. We looked at three categories of capabilities: **store operations** (Figure 19), **customer enablement** (Figure 20), and **associate enablement** (Figure 21).

Across those three categories, these are the capabilities that were rated "high value" by 50% or more of respondents:

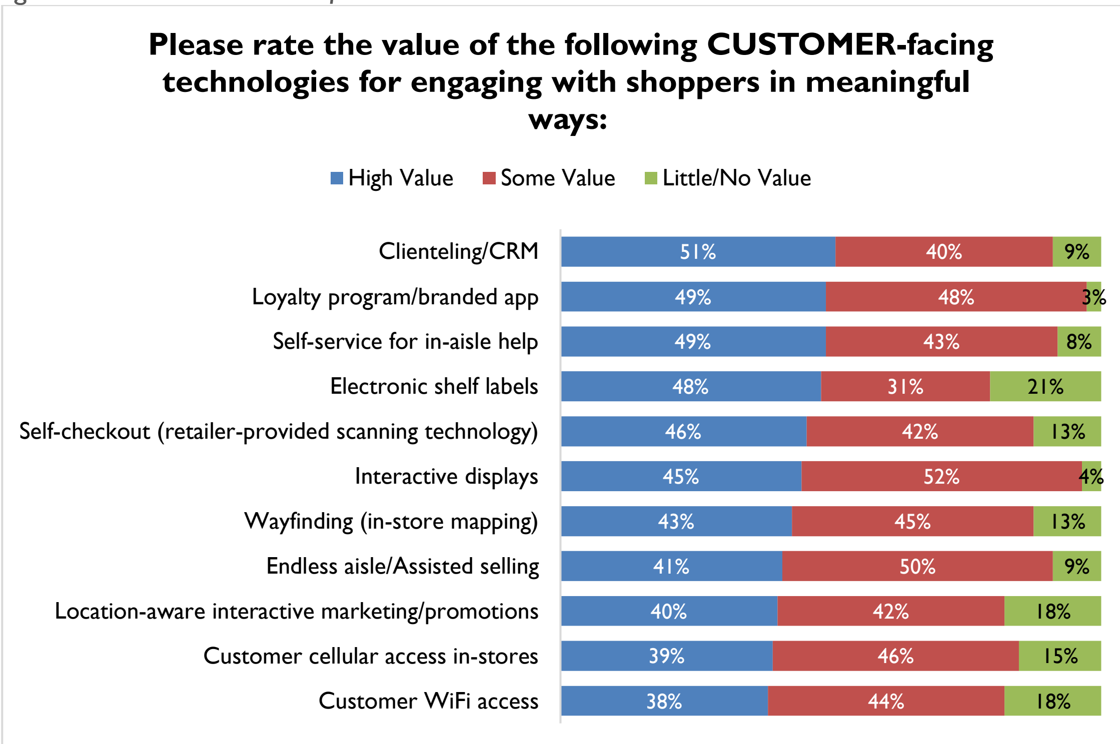
1. *Mobile devices/solutions to free up store managers' time & provide store operational visibility* (63%)
2. *Employee collaboration solutions* (56%)
3. *The ability for employees to self-manage their schedules* (55%)
4. *Mobile devices / solutions for point-of-sale checkout/returns, line busting, etc.* (52%)
5. *Clienteling/CRM* (51%)
6. *Gamification of training information* (50%)
7. *In-store real-time cross channel inventory visibility (endless aisle)* (50%)

Figure 19: The Value Of Tech For Store Operations



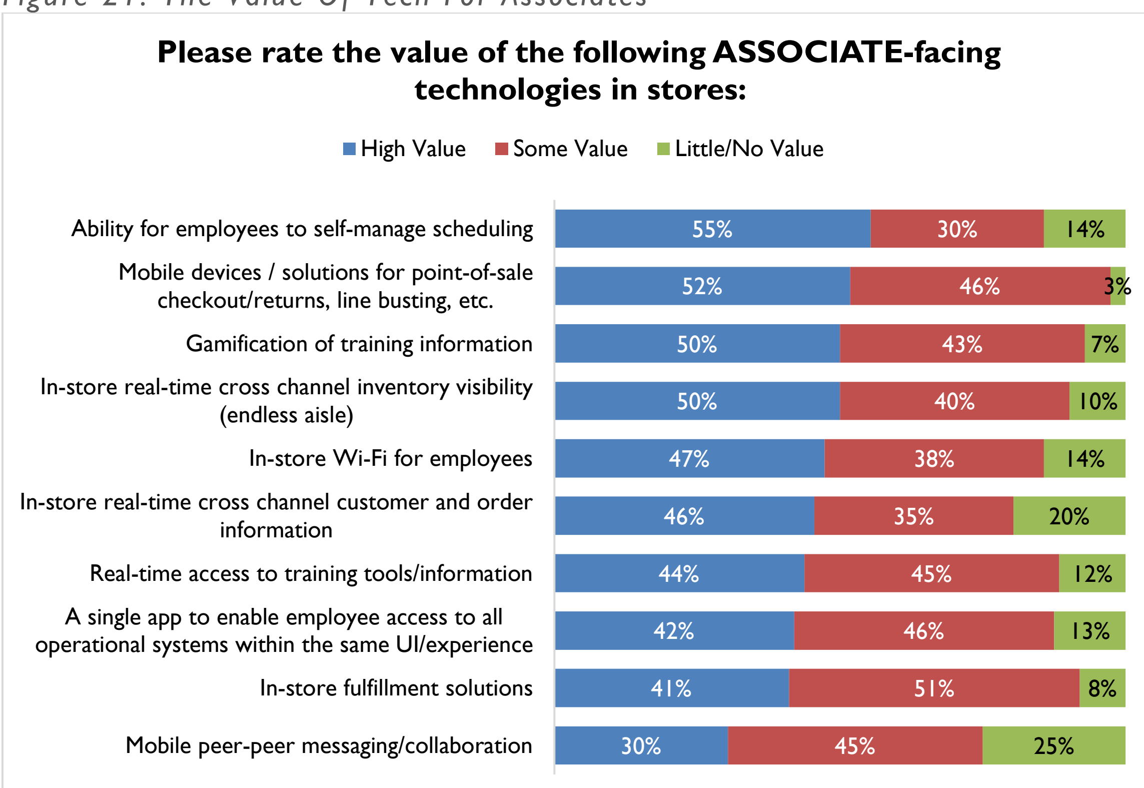
Source: RSR Research, May 2025

Figure 20: The Value Of Tech For Customers



Source: RSR Research, May 2025

Figure 21: The Value Of Tech For Associates



Source: RSR Research, May 2025

Summarizing the top seven most highly values capabilities (all which were rated highly by 50% or more of our survey respondents), we can summarize them this way:

- retailers want to empower the store manager with more real-time visibility into all aspects of store operations;
- retailers want to empower employees to manage themselves better;
- and retailers want to improve the customer experience with better visibility into available-to-sell inventory anywhere in the enterprise, and to build loyalty via a CRM/loyalty program.

When comparing Winners' attitudes to average and under-performers, there is a difference worth noting. Winners are clearly more comfortable with "*Mobile devices / solutions for point-of-sale checkout/returns, line busting, etc.*" (61%, compared to 42% for non-Winners), while non-Winners slightly prefer "*Customer instant checkout via app (e.g. Amazon Go)"* (51% compared to 46% of Winners). Non-winners seem to be saying that they would rather empower customers to serve themselves than to enable store associates, when it comes to alternatives to traditional stationery POS checkout solutions.

In the context of employee enablement, it is worth noting that there are several advantages to using consumer-grade mobile technologies on the sales floor. Most notably, the user interface of smart mobile devices is ubiquitous (thus mitigating the need for training). Additionally, virtually everyone in modern society is accustomed to texting friends and colleagues. Average and under-performers want to encourage that in the workplace, so that employees can help each other.

Incongruously, two "foundational" technologies (*cellular access* and *WiFi access*) are rated "high value" by fewer retailers (by both Winners and others) than the other capabilities listed above. This is an odd omission, since wireless access enables several of the others. It may simply be a case of "out of sight/out of mind" – since the targets of our survey were business executives and store managers as opposed to technical staff, that is perhaps understandable. But the fact remains that without fast and reliable network connectivity, most of the capabilities discussed in this report could not be possible.

Planned Investments

RSR's surveys typically ask retailers to rate the status of a range of technologies, from "*using/satisfied*", to "*using/planning replacement*", "*new-budgeted*", "*planned/not-budgeted*", or "*no plans*". These rankings give us insight into where retailers are most likely to spend in the next 12-18 months.

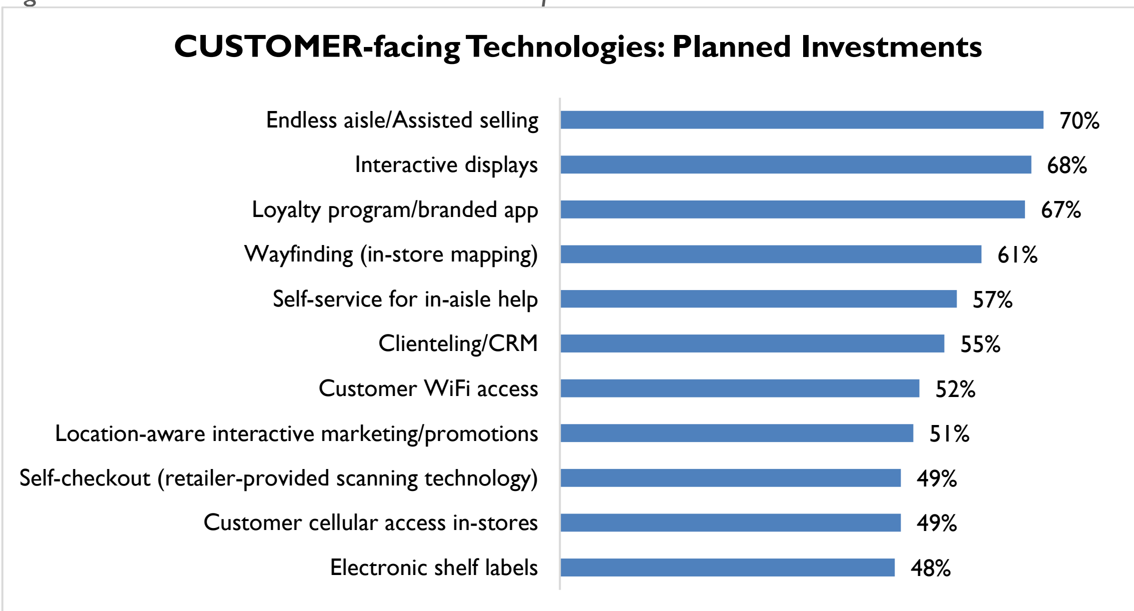
In this study, we asked about plans vis-à-vis customer enablement technologies and those that would enable employees. Very clearly, and despite misgivings that retailers may have about the measurable benefits that new technologies should deliver, they have aggressive investment plans for the stores. This aligns well to the overall point we made at the beginning of this report, that retailers **are all-in on stores.**

Figure 22 highlights technologies to modernize the **customer experience**. Top among enabling tech listed is *endless aisle/assisted selling*. This lines up well with the value that retailers assign to enabling better visibility into available-to-sell inventory anywhere in the enterprise, and it's in sync with retailers' "omni-channel" agenda (the ability for consumers to order products in one channel to have that order fulfilled in another, for example buy-online-pickup-instore).

Interactive displays are surprisingly popular with retailers, especially when considering that consumers invariably have access to product information via their personal technology.

Loyalty apps, Clienteling/CRM, and location aware marketing/promotions are in line with the value that retailers place on building loyalty.

Figure 22: Retailer Tech Plans To Empower The Customer



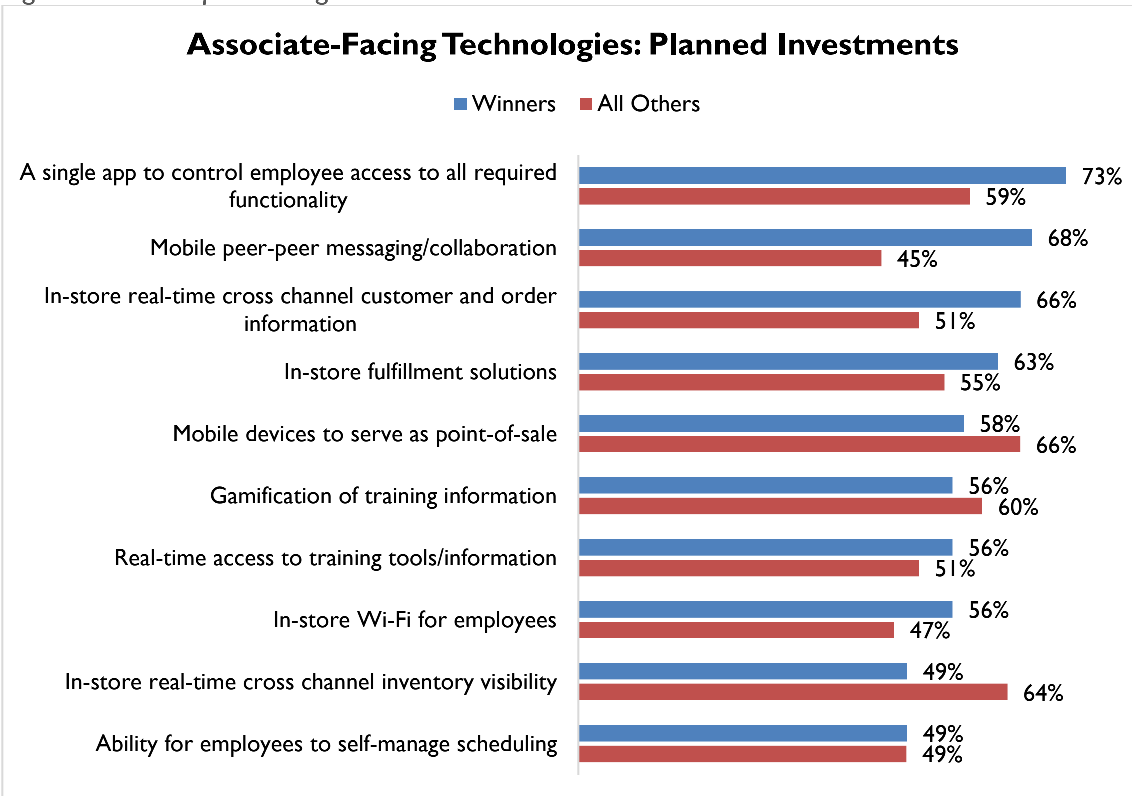
Source: RSR Research, May 2025

When it comes to **employee enablement**, there are differences between Winners' priorities vs. average and underperformers (Figure 23).

Where retailers plan to actually spend contradicts some of the value that they assign to various technologies in interesting ways. This is truly a case of "watch what they do, not what they say". For example, we saw earlier that more Winners than average and under-performers assigned a high value to *mobile devices to serve as point-of-sale*. But when it comes to spend, more average and under-performers plan investments in that technology, most likely because mobile POS has become table stakes and leaders have already made these investments.

In another case, many more non-winners than Winners assigned a high value to *mobile peer-peer messaging/collaboration.* Yet when it comes to spending, over-performers are more aggressive.

Figure 23: Empowering Associates



Source: RSR Research, May 2025

More average and under-performers have plans to invest in *in-store real-time cross channel inventory visibility*. This is a case where more over-performers are satisfied with their current solution, compared to average and under-performers (39% vs. 28%, not pictured)

Conversely, over-performers are much less satisfied with their ability to see *in-store real-time cross channel customer and order information* (29% compared to 43% of average and under-performers, not pictured). That helps to explain why more Winners than non-winners plan investments in new solutions to address this capability.

When it comes to employee time management and training, Winners and others are in general agreement that new investments are coming (*gamification of training information, real-time access to training tools/information, ability for employees to self-manage scheduling*).

What It All Means

While there are inconsistencies in what retailers say is important vs. where they are actually planning to invest, there can be no doubt that stores are being re-designed to enable information and functionality to be available to anyone anywhere and in real time within the four walls of the store, just as they already are in the digital domain. The reason is profoundly simple: stores must reflect how we live in this modern world.

That isn't a trivial undertaking for retailers – but it's clear that the time is ***now***.

BOOTstrap Recommendations

The focus of this benchmark study was primarily on Fashion & Specialty retailers (60% of our survey respondents), with some input from general merchandisers (22%), and to a lesser extent from fast-moving-consumer-goods retailers (18%). Fashion and Specialty retailers have several attributes that differentiate them from big box and supermarket stores: the stores are often mall-based, assortments are smaller, focused and often bespoke, and there's an emphasis on assisted selling. Point-of-sale stations are often located at the wrap desk on the sales floor, and not at a checkout lane.

Nonetheless, many of the learnings in this benchmark are applicable across the spectrum of retail settings, and so we offer the following recommendations to all retailers, regardless of their revenue, geography, or product segment.

Address Foundational Connectivity First

Store systems today are increasingly network-based (as opposed to on-premise), with functionality delivered as services. Additionally, consumers are connected 24X7 to upstream capabilities via their personal mobile technologies. With those two points in mind, **the most important technologies in the store are those that enable network access** for employees and shoppers alike. As to whether retailers should prioritize corporate WiFi connectivity or cellular, the answer is "both". Without fast and reliable network connectivity for employees and shoppers, most of the capabilities highlighted in this benchmark are not possible.

POS Is Still 'The Moment Of Truth'… But Needs To Be More

For many years, the point-of-sale system was the only technology on many retailers' selling floor. Its functions were practical: to ring up items with the correct prices, take shopper payments properly, decrement inventory counts accurately, collect sales tax, and tally up daily receipts. Most importantly, POS was "the moment of truth" – the last thing that shoppers experienced before leaving the store. Ensuring a fast and smooth *checkout* process was (and remains) vitally important.

But the POS system is ***no longer an island of technology*** and it isn't the only technology touchpoint that consumers and employees experience. In today's world, consumers and employees alike expect access to a set of upstream capabilities that go before the final checkout in every shopping journey.

In this study, 53% of retailers say that their POS system is either holding them back from implementing new capabilities or is limited to its historical role as a checkout system. But Retail Winners have a much different point of view: 73% tell us that their POS is helping to support innovation and a differentiated store experience. **The entire industry should follow their lead**. If the POS cannot integrate well to enterprise-wide functionality, it should be replaced.

Employee Enablement *And* Customer Enablement

This benchmark and other recent RSR studies have highlighted a bifurcated perspective regarding mobile enablement on the sales floor. One point of view is that employees should have at least the same access to information that consumers have, so that they can serve customers more effectively. The other point of view is that retailers need to provide easier access to information to shoppers so that they can help themselves better.

Which is the right approach? The answer is to do both – but **within the context of the brand**. Retailers who promise high service levels to shoppers (for example, Nordstrom) need to upskill employees to be true brand ambassadors and provide them with all the information and functionality they will need to assist customers "on the spot". Low service profile retailers (for example, Ross Stores) need to make it easy for shoppers to answer their own questions in real time via their mobile devices.

Here are the high priority capabilities that retailers in this study identify:

High-Value Employee Capabilities

1. *Mobile devices/solutions to free up store managers' time & provide store operational visibility*
2. *Employee collaboration solutions*
3. *The ability for employees to self-manage their schedules*
4. *Mobile devices / solutions for point-of-sale checkout/returns, line busting, etc.*
5. *Clienteling/CRM*
6. *Gamification of training information*
7. *In-store real-time cross channel inventory visibility (endless aisle)*

High-Value Customer Capabilities

1. *Endless aisle*: the ability to find products anywhere within the retailer's enterprise.
2. *Self-service for in-aisle help*: Shoppers want access to information about the products they are looking at in the store, just as they might via the Ecommerce site. Some retailers use scannable QR codes on displays to enable shoppers to find out more about featured products. It's a great idea, and just one of several ways that retailers can make information available at the shelf edge for consumers to better help themselves.
3. Access to the *loyalty program via a branded app*: consumers want to be rewarded for their loyalty to a retailer, and they like incentives that are based on their *propensity to buy.*
4. *Location-aware interactive marketing/promotions*: When shoppers are looking at particular products, they want to know if there are any special offers available to them as loyal customers.
5. *Wayfinding/in-store mapping:* Shoppers today are on a timeline. Over 60% of all shoppers investigate and even select products and services in the digital domain before walking into the store. When they go to the store, they frequently want to go to department or aisle where a chosen product is. In-store mapping helps shoppers to optimize their store visit.

Optimize In-store Returns Of Online Purchases

One of the biggest productivity sinkholes created by omnichannel shopping is from accepting in-store returns handling for online purchases. Retailers report that 20-30% of online fashion purchases are returned in a store. They hope that enabling shoppers to return items to the store creates upsell opportunities – but RSR's data simply does not support that notion.

Accepting that handling returns in the store has become an accepted practice, what can retailers do to optimize the experience? Here are some suggestions:

1. *Delineate a clear returns policy.*
2. *Enable digital receipt lookup*. Customers like digital receipts for their convenience, and retailer love them because they greatly facilitate returns handling, making it possible to ensuring that the information about the product being returned is correct.

3. *Automate returns handling.* Create an online returns portal to give shoppers the ability to print out a return authorization (including a scannable barcode) at home, to speed up the process in the store. Alternatively, consider a returns kiosk in the store.
4. *Automate the refund process*. Whether refunding via the original payment method (cash, credit or debit card), or offering some other refund mechanism, shoppers expect the refund to be immediately available to them.
5. *Analyze returns data*. Use reason codes to better understand why a shopper returns a product. In some cases, a product defect or shortcoming can be identified and acted upon to prevent future returns.
6. *Analyze returns process abusers*. Some shoppers abuse the returns policy. Consider disincentives for abusive shoppers.

Don't Knock New Ways To Check Customers Out

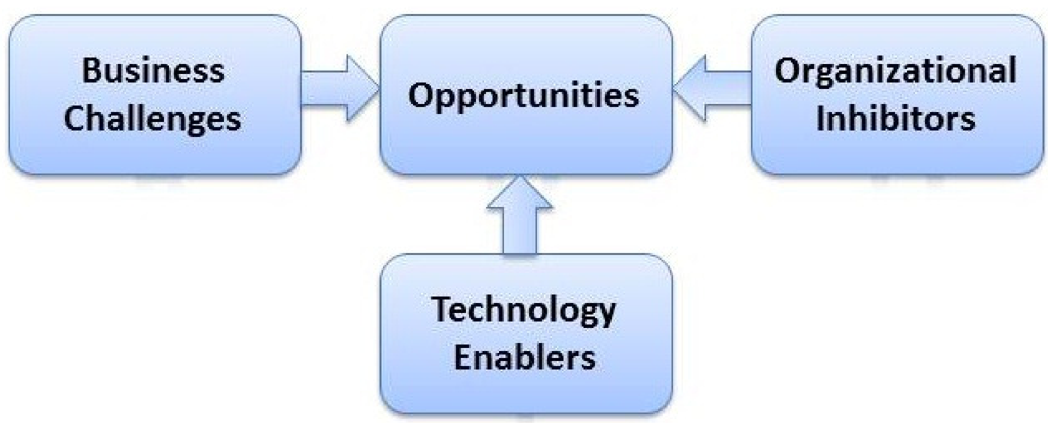
The most basic POS function is to ring up customers' purchases. Given the state of today's always connected and mobile technology, there's no technical reason that POS ***has*** to be stationery. While there *may* be other reasons (for example, fraud control, or wrap & bag requirements), retailers should experiment with new ways to transact.

Appendix A: The BOOT Methodology©

The BOOT Methodology© is designed to reveal and prioritize the following:

- **Business Challenges** – Retailers of all shapes and sizes face significant **external** challenges. These issues provide a business context for the subject being discussed and drive decision-making across the enterprise.
- **Opportunities** – Every challenge brings with it a set of opportunities, or ways to change and overcome that challenge. **The ways retailers turn business challenges into opportunities often define the difference between Winners and "also-rans."** Within the BOOT, we can also identify opportunities missed – and describe leading edge models we believe drive success.
- **Organizational Inhibitors** – Even as enterprises find opportunities to overcome their external challenges, they may find **internal** organizational inhibitors that keep them from executing on their vision. Opportunities can be found to overcome these inhibitors as well. Winning Retailers understand their organizational inhibitors and find creative, effective ways to overcome them.
- **Technology Enablers** – If a company can overcome its organizational inhibitors it can use technology as an enabler to take advantage of the opportunities it identifies. Retail Winners are most adept at judiciously and effectively using these enablers, often far earlier than their peers.

A graphical depiction of the BOOT Methodology© follows:



Appendix B: About Our Sponsors

Jumpmind

Jumpmind is a leading provider of innovative retail technology solutions. The company's cloud-native, mobile POS platform empowers retailers to streamline operations, enhance customer experiences, and achieve sustainable growth. With a future-proof architecture and a focus on delivering exceptional value to its clients, Jumpmind is committed to shaping the future of retail technology.

Jumpmind powers inspired in-store experiences for a growing list of leading brands and retailers, including: American Eagle Outfitters, Build-A-Bear Workshop, Petco, Reitmans Canada Ltd., The Paper Store and The Vitamin Shoppe. Learn more about Jumpmind at www.jumpmind.com/.

Appendix C: About RSR Research

Retail Systems Research ("RSR") is the only research company run by retailers for the retail industry. RSR provides insight into business and technology challenges facing the extended retail industry, providing thought leadership and advice on navigating these challenges for specific companies and the industry at large. We do this by:

- **Identifying information** that helps retailers and their trading partners to build more efficient and profitable businesses;
- **Identifying industry issues** that solutions providers must address to be relevant in the extended retail industry;
- **Providing insight and analysis** about a broad spectrum of issues and trends in the Extended Retail Industry.