



DOES CONTACTLESS  
RETAIL REPRESENT

# The Next Generation

OF STORE SHOPPING?



## INTRODUCTION

While a number of contactless shopping and payment solutions were already being adopted by retailers seeking to offer more convenient options to shoppers, COVID-19 has shifted touchless interfaces from “nice-to-have” to a top priority. Even services where retailers have been slow to adopt contactless options, such as buy online, pick up in-store (BOPIS), are now front-and-center for retailers and customers.

The 2020 pandemic has been a major catalyst for the adoption of contactless shopping: **86%** of consumers expect to increase their use of touchless technologies to avoid interactions that require physical contact, according to an April [Capgemini](#) report. [CommerceHub's](#) survey of 1,500 consumers revealed that the majority (**59%**) are **more likely to use curbside pickup following the coronavirus outbreak.**

Most retailers now offer some form of touchless shopping for their customers, but it is often a sterile experience lacking important aspects of the customer-retailer relationship that have been lost during the COVID-19 crisis. According to a [Kearney article](#): **“Without associates positioned to enrich the experience, customers go into a brick-and-mortar store, get their items, check out, talk to no one, and leave.”**

Following consumer sentiment, organizations expect retailers to continue offering contactless options post-COVID. Almost three-quarters (**73%**) believe that consumers' appetite for touchless transactions, including online shopping, will remain even when the pandemic is behind us.



**“Curbside pickup has evolved from parking in a spot with a makeshift sign and calling the store to being able to communicate your location through an app.”**

**JERRY SHELDON, IHL GROUP**

As contactless shopping becomes a part of the consumer routine, companies will have to invest in emerging technologies such as voice interfaces, facial recognition systems and computer vision. Now is the time to begin evaluating these technologies so that retailers can meet consumer expectations of positive contactless experiences.

This *Retail TouchPoints* Tech Guide will look at how COVID-19 has quickly and drastically changed the timetable for contactless adoption across the retail journey. Key takeaways include:

- While contactless payments are the driver, the goal is to facilitate a **completely contactless experience** for the consumer — from ordering to pickup to returns. Integration at every step in the process provides a total view of the customer, presents opportunities for interaction and can provide data retailers can use to improve store layouts and merchandising.
- Consumers are increasingly confident using their mobile devices for payments. They are **more comfortable with their own phone** than using a POS system that could potentially spread infection.
- Integrating payments with other parts of the customer experience, such as shopping lists and loyalty rewards, will **enhance the value of contactless shopping going forward**.

# Goal: A Contactless Experience From Start To Finish

While contactless payment processes have been at the forefront of these moves, industry leaders are now integrating other functions that can be performed without physical interaction. In a COVID environment, consumers are looking for a touchless shopping trip from beginning to end, not just with payment. That means the experience must be an integrated process, from initial ordering to returns.

“While there has been a tendency to focus on the payment aspect of the contactless experience, it has to be seamless for the customer at every step,” said Jerry Sheldon, Analyst at **IHL Group** in an interview with *Retail TouchPoints*.

Improvements to curbside pickup functions have received increased attention in the wake of COVID. “**It has evolved from parking in a spot with a makeshift sign and calling the store to being able to communicate your location through an app,**” said Sheldon.

The cashierless **Amazon Go** store is an oft-cited example of a totally touchless process. The customer is identified by their mobile device when they enter the store. Technology automatically detects when products are taken from or returned to the shelves, and store systems keep track of them in a virtual cart. When done shopping, the customer’s Amazon account is charged as they leave the store, generating a digital receipt.

“**Sam’s Club** has been offering scan-and-go contactless options for several years,” said Justin Pham, Manager at **Kearney** in an interview with *Retail TouchPoints*. “It gives the customer power to be able to scan prices, check out and use Apple Pay or another mobile wallet option, all from their phone.”

**“Scan-and-go contactless options give the customer power to scan prices, check out and use Apple Pay or another mobile wallet option.”**

**JUSTIN PHAM, KEARNEY**

Fitting is an area that has been a focus for clothing retailers looking to improve the contactless experience. Brookfield Properties announced plans in June to roll out FIT:MATCH's 3D AI-powered contactless match technology at **three shopping centers** across the U.S. The experience is scheduled to debut at the Oakbrook Center near Chicago in mid-August, followed by the Glendale Galleria in the Los Angeles area and the Stonebriar Centre in the Dallas area in mid-September.

"We're confident this data-driven, contactless experience will drive traffic and engagement at Oakbrook Center while permanently addressing one of the most intractable problems we all face when shopping for clothes — finding exactly the right fit," said Patty Hirt, Director of Retail Development at Brookfield Properties in a statement.

To accommodate the customer's need to try on items while fitting rooms remain closed or limited in access, clothing and jewelry retailers have had to move to virtual and contactless fitting options. Jewelry brand **Kendra Scott** adapted to pandemic-era shopping by allowing shoppers to "try on" earrings using their iPhone browsers, according to a *Washington Post* **article**. Zeekit, which supplies augmented reality technology to brands such as **Adidas** and **Tommy Hilfiger**, is preparing to launch a virtual fitting room, with hundreds of thousands of pants, tops, and coats that shoppers can drag onto photos of themselves.

For the pickup portion of the touchless shopping experience, **Walmart** has been rolling out a contactless solution for pickup of online orders for the last several years. The retailer currently has approximately **2,000** locations equipped with **Bell and Howell's** Pickup Tower, essentially a large vending machine. Once an online order is ready, the customer is sent an email or text notification with a code. Customers arrive at the Pickup Tower in the Walmart store they've selected, scan a code, and receive their order.

"This doesn't require a human to complete the exchange," said Christopher Hill, Vice President and General Manager of QuickCollect Solutions for Bell and Howell. "Mobile devices are so ubiquitous today and can be used to authenticate users. This provides security when someone from the store isn't handing over the item."

Since there are many restrictions regarding customers trying on clothes, the returns process has become an integral part of contactless shopping. When non-essential retailers reopened, there was a surge of returns. Many stores also extended their return policies. Retailers such as **Nordstrom**, **Urban Outfitters** and **Gap** have set up contactless areas for customers to drop off returns, and the items left there are "quarantined" before being returned to shelves. **Best Buy** and **DICK'S Sporting Goods** are among the retailers that will process returns at the customer's vehicle.

## MOBILE DEVICES SPUR CONTACTLESS ADOPTION

Experts agree that consumers have become more comfortable conducting transactions on their mobile devices. They have become more confident in the security of their smartphones and less wary about using technologies such as facial recognition.

According to Capgemini, **66%** of consumers prefer to use mobile apps at shops/banks/contact centers/government offices to avoid human interactions and touchscreens. That figure is expected to remain relatively stable, at **62%**, post-COVID. Recognizing that consumers are turning to their phones for payments even when in the store, Capgemini noted that Walmart, **Target** and **Macy's** all are piloting self-checkout with mobile phone.

Integrating the consumer's mobile phone into the shopping experience also provides opportunities for retailers to gather data that can help them with store layout, merchandising and staffing decisions, according to Chris Ventry, Vice President in the Retail and Consumer Practice of **SSA & Company**. "There is a wealth of data from phone interactions with customers that can improve the customer experience," said Ventry. "There are wayfinders, for example, which can let you know **the customer's in-store route and where they stopped so that you can see traffic patterns**. The customer can upload their shopping list and the app can guide them through their shopping. The retailer can send personalized messages."

At the moment, however, the key focus is on customer comfort with physical shopping. "As consumers worry about the potential virus transmission stemming from the use of PIN pads, there will likely be a reduction in the use of chip/PIN pads at point-of-sale," according to an April 2020 Deloitte **report**. "The adoption of in-app payments is likely to increase as individuals spend more time on mobile applications during the crisis. Simplified payment checkout methods will also increase in relevance beyond the crisis."

Retailers are looking at multiple ways to further integrate mobile devices into the checkout experience: "The use of **QR codes** to make a payment, which has been used largely outside of the U.S., is seeing increased rollouts in the U.S. at corner stores and big box retailers," said Zachary Aron, **Deloitte Consulting's** Banking and Capital Markets Payments Leader and Co-Leader of its Global Payments Practice.

Other models involve performing a transaction entirely through an app. "If you're going to a restaurant, you place your order through the app," said Aron. "When you're done, you show the server a code that was generated through the app to pay. This improves speeds and reduces any form of contact."

# Emerging Technologies Create More Contactless Opportunities

Aside from lingering concern about the security of mobile payments, one of the key barriers to contactless payments is a lack of availability of the technology. “By 2016, most card issuers had long ceased distributing contactless chip cards, and only **3.47%** of cards in the U.S. market had tap-and-pay functionality,” according to a **report** from the Federal Reserve Bank of Philadelphia Consumer Finance Institute.

The report also highlighted psychological barriers or misperceptions that issuers should note and address. Consumers perceived that contactless payments were slower and less convenient than other payment methods. The report suggested that those barriers can be overcome with education and repeated use.

**Voice and gesture-based technologies**, including those integrated with digital signage and payment technology, can add to the convenience of contactless shopping and encourage more widespread adoption. But these technologies face accuracy challenges that may cause consumer frustration.

WiFi-based contactless gesture recognition solutions such as iGest use radio frequency sensing techniques for position-independent gesture recognition in the indoor environment, according to the *Intelligent Contactless Gesture Recognition Using WLAN Physical Layer Information* **report**.

Technologies such as **LISNR** could revolutionize the touchless shopping experience, according to Shannon Warner, VP of Retail and Consumer Goods at **Capgemini Invent**. LISNR utilizes sound and software to transmit data. An example of how it could work: Customers pull up at a curbside pickup location and are authenticated via sound. Once they receive their order, they pay via mobile and authentication occurs again at receipt. This would eliminate a QR code or ID check that accompanies many current curbside pickup scenarios.

This type of technology also could deliver personalized messages and loyalty rewards to the customer’s mobile app.

“The future is not just contactless payment but integrating the payment process into other aspects of the customer experience for a complete touchless experience,” said IHL’s Sheldon. “If you can demonstrate that there is a benefit to the consumer in terms of **speed, accuracy and convenience** and that it is **seamless at every touch point**, you’ll continue to drive adoption rates as the pandemic subsides.”

## LEARN MORE...



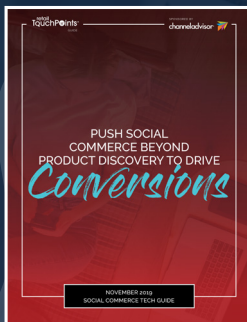
*Retail TouchPoints* is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The *Retail TouchPoints* network is comprised of two weekly e-newsletters, special reports, web seminars, exclusive benchmark research, an insightful editorial blog, and a content-rich web site featuring daily news updates and multi-media interviews at [www.retailtouchpoints.com](http://www.retailtouchpoints.com). The *Retail TouchPoints* team also interacts with social media communities via Facebook, Twitter and LinkedIn.

201.257.8528

[info@retailtouchpoints.com](mailto:info@retailtouchpoints.com)



## YOU MAY ALSO LIKE...



Push Social Commerce Beyond Product Discovery To Drive Conversions



2019 Store Operations Survey: Physical-Digital Alignment Takes The Stage As Top-Level Retail Challenge



Mobile Marketing Guide: How To Engage Shoppers At The Point Of Purchase Intent



### ABOUT THE AUTHOR

Kim Zimmermann

Kim has been a B2B journalist for more than 30 years, writing about finance, retail and marketing automation. Dog lover. Beach enthusiast. Jersey girl.