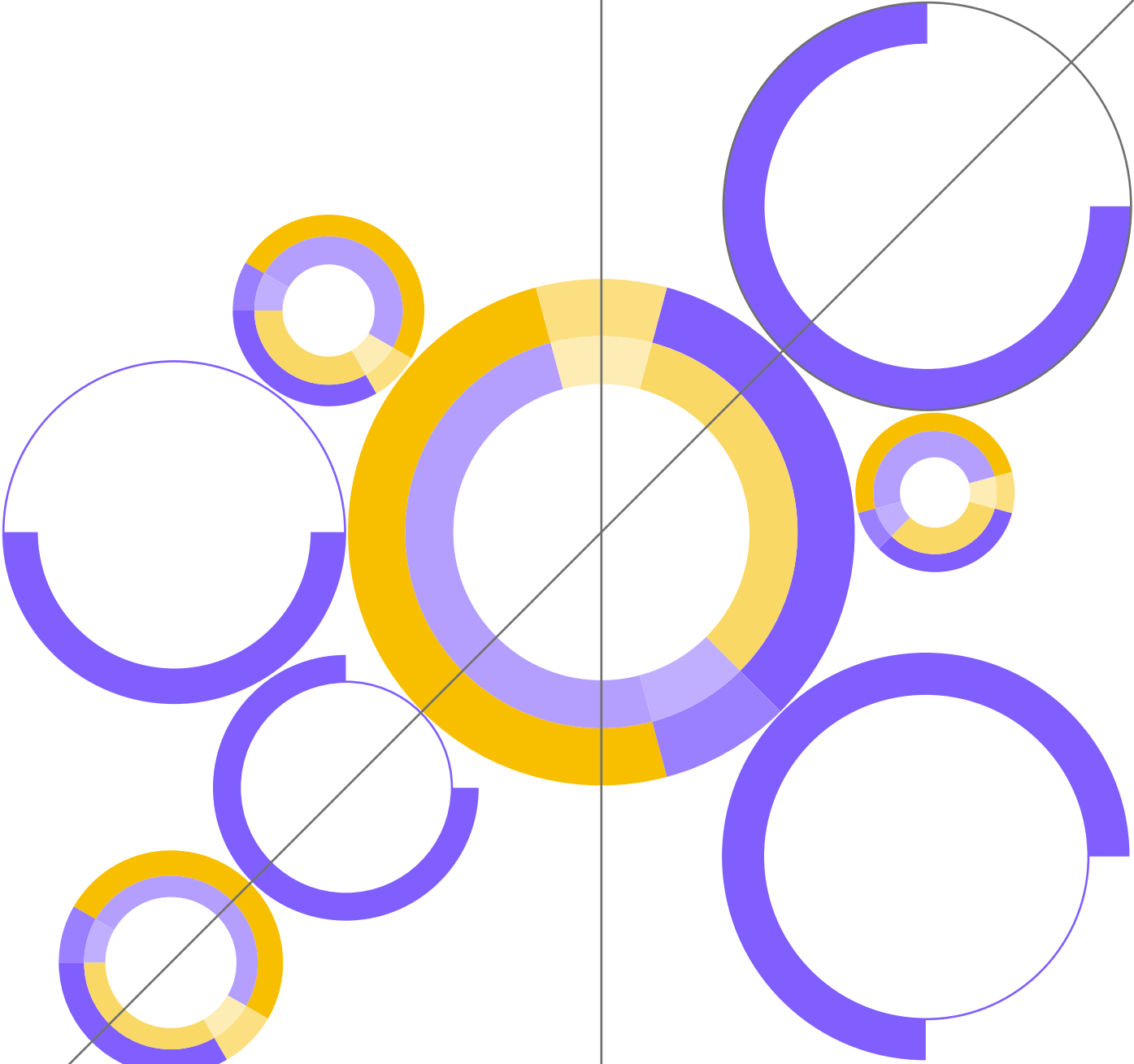# RICOH

Accelerating the **Power** of **Information**_
2025

**Industry report
on technology's impact
on retail**

Preface

The retail sector is a key indicator of the nation's economy and a vital barometer of consumer behavior. As a leader in retail information management and digital services, we closely monitor how shopping habits have evolved — and continue to evolve.

One of the most significant changes is that consumers no longer distinguish between online and in-store shopping. They demand a unified experience that combines the best of both worlds.

The challenge is for retailers to quickly adapt, adopt and deliver this new, seamless experience for shoppers.

We've found that retailers can improve the customer experience while enhancing the employee experience through new digital hardware, software, and processes that collect and share data seamlessly. Our dedicated retail solutions team has gathered the latest research and statistics on the state of the industry and compiled them for you in our latest Retail Industry Report.

The Retail Technology Win-Win

Delivering value for consumers and associates

"Retail is constantly evolving, reinventing in-store experiences for both shoppers and staff. To help industry leaders bridge the gap between customer expectations and real-world capabilities, Ricoh is leveraging our extensive experience with well-known retail clients. Today, we're helping retailers create more engaging shopping experiences for tech-savvy consumers. Ricoh provides retailers with turnkey, end-to-end solutions that can deliver targeted, timely and relevant messaging to shoppers at the shelf while also capturing valuable and actionable data."

— Carl Rysdon, Vice President, Retail Industry Sales, Ricoh North America

75%
EXECUTIVES WHO SEE GEN AI
AS CRITICAL FOR GROWTH

70%
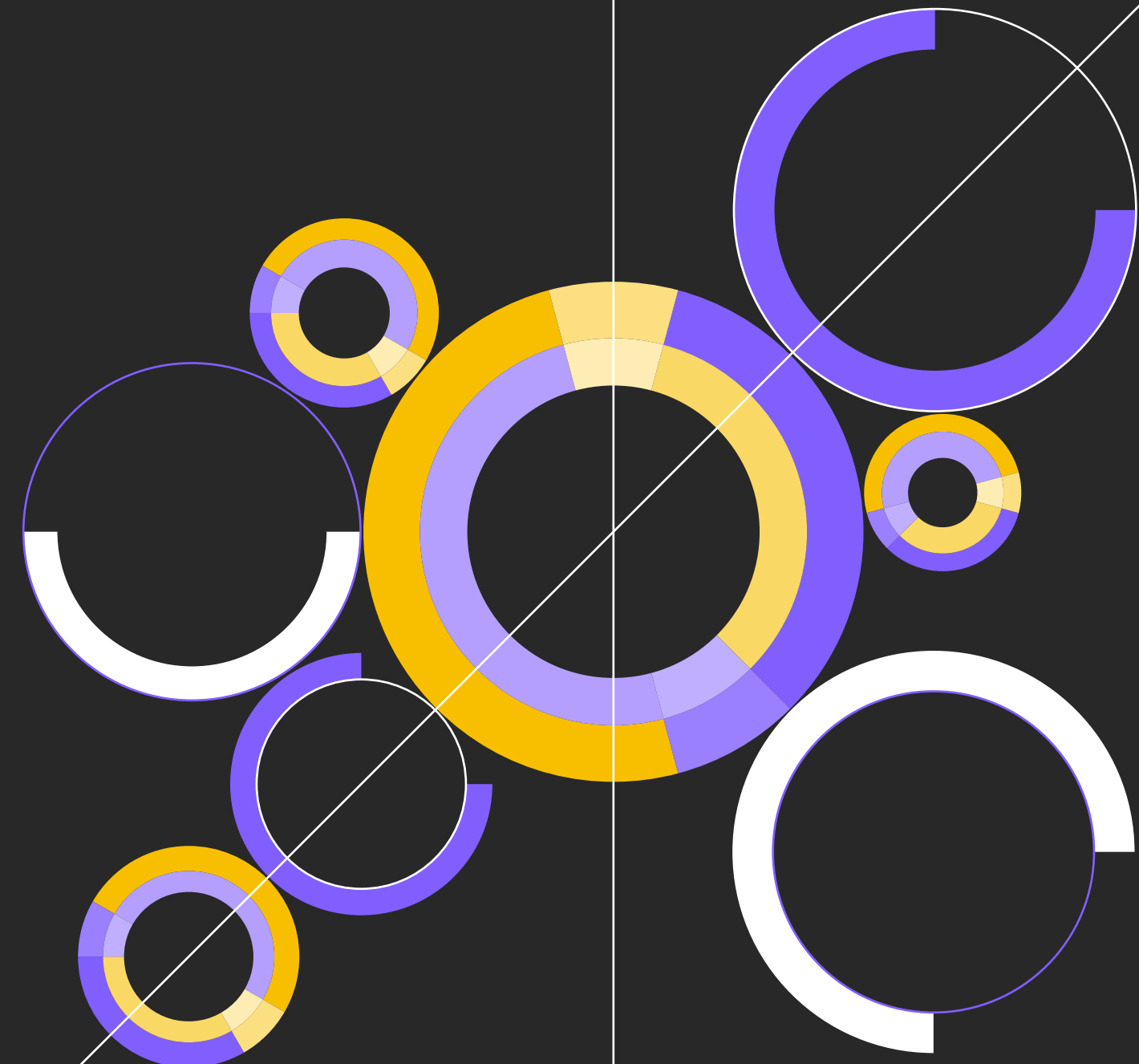CONSUMERS APPRECIATE STORES
BLENDING ONLINE AND OFFLINE

76%
EXECS WHO WANT TO USE TECH
TO SOLVE LABOR CHALLENGES

2.91MM
FIVE-YEAR PROJECTED WORKER SHORTFALL
ON TOP OF TODAY'S 2.5MM SHORTAGE

The Retail Technology Win-Win

75%

Retail executives who see Gen AI as critical for revenue growth*

Retail and its workforce face unprecedented challenges today

If you work in the retail sector, you know that it has unique opportunities and a bright future. However, today, you're managing higher customer expectations with shoppers that demand more from their in-store experience. You've heard new digital solutions promise to raise profitability and efficiency. And you've felt the impact of tech that causes more grief than good. What's the answer? Success, driven by satisfied customers, starts with empowered and effective employees.

First things first: many retailers are grappling with labor challenges. How can you improve the customers' experience without enough employees? Higher-than-normal attrition started during COVID, and years later its effects remain with 2.5 million unfilled positions.[1]

Using tech to align the customer and employee experiences

The issue of employee experience is endemic. Engaged retailers know it takes more than hiring to fill the holes. The answer requires a fundamental reimagining of the space, the digital tools at workers' disposal, and support from in-store managers as well as from corporate offices. Winning the loyalty of frontline employees may require the same strategies used to retain customers in physical and digital spaces. So, the question leaders should be asking is: How can some of the same technology solutions used to improve the customer experience help improve the worker experience?

Retail workers want change[2]

1.2X More likely to quit vs other job categories

44% Workers considering a job change in 3 to 6 months
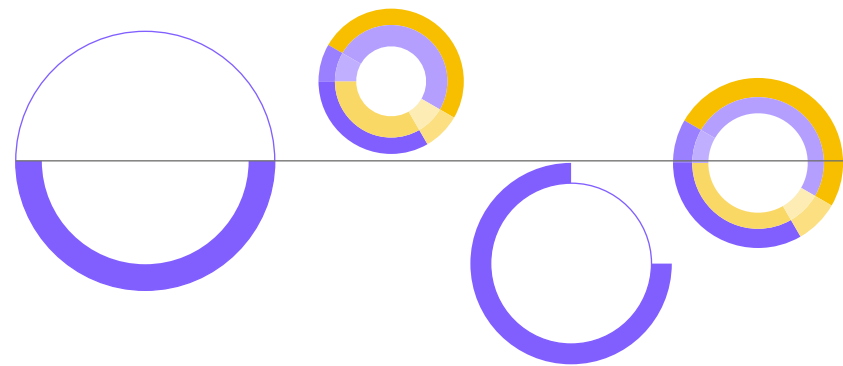
Many retail workers believe in tech[3]

46% Believe tech will improve their jobs

35% Feel neutral

19% Worry about negative impacts

[1,2] McKinsey & Company, *How Retailers Can Build and Retain a Strong Frontline Workforce in 2024*, July 2024
[3] Quinyx, *2024 State of the Frontline Workforce*, April 2024

What the associate experience should feel like

Let's take a step back to imagine a unified experience where customers and employees share the same goals and tools. The good news is you've likely already incorporated many of these attributes into your customer experience. Now, it's time to apply them throughout the journey.

As you may have seen already, technology itself cannot improve the experience unless it's designed to optimize human-machine interactions. This means streamlined processes, intuitive tools, the ability to accomplish tasks in a way that leads to satisfaction, even fulfillment. These are important attributes that people seek when shopping *and in their work*. Look at it this way, some brands are providing more, and better, digital tools to their customers than to their own employees.

When employees have access to technology that helps them do their jobs, the majority — 84% — feel more valued by employers.[5] That's a 6% bump from the previous year. And 41% of associates say easy-to-use tech is a loyalty driver.[6] By understanding motivational drivers, retailers can improve the employee experience while enhancing customer service.

The tech associates say helps them enhance shopper experience
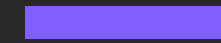
85%
Real-time inventory awareness[7]

70%
Familiar mobile devices[8]

Associates love these mobile and scanning capabilities[4]

70%
Ability to multi-task

67%
Product data access

52%
Device intuitiveness

On the corner of e-comm and main street

70%

Consumers appreciate stores blending online and offline journey*

Aligning the shopping experience online and in-store

Seventy-one percent[9] of shoppers use a fluid "phygital" experience, discovering merchandise in-store, researching and ordering online, then purchasing or returning in-store. Yet, 84% of buying still occurs in-store.[10] Is that a good thing or a bad thing? It depends.

The worst-case scenario is that customers visit your store to touch and feel the product but use their phones to buy from a competitor's site. The better-case scenario? They stay within your ecosystem for both shopping and buying. The best case? You create a seamless, combined experience that brings the most-loved features of your e-commerce experience to life in store. Capture shoppers with a customer journey that has no distinction between online and in-aisle, where store shelves become an engaging digital experience with the power of AI and other technologies.

9 Zebra, *Beyond the Basket: What Shoppers Really Want in Their Retail Experiences*, January 29, 2024
10, 11 RSR, *Why the Retail Store Won't Survive as a 'Tech-Free Zone'*, April 2024
12 *Think with Google, Marketing Strategies: Search*, 2024
13 IBM, *Revolutionize Retail with AI Everywhere: Customers Won't Wait*, January 8, 2024

Your digital store is a tough act to follow

Eighty-seven percent of shoppers want the same access to product information in-store as they have online.[11] They want to pick up a pair of jeans in-store but still feel like they're on their couch — reading reviews, getting recommendations, and checking real-time inventory data.

Unfortunately, many retailers aren't scratching this "clickable itch." Legacy technology often falls short of delivering a truly unified commerce experience. The ripple effect? Employees are unable to deliver a 100% satisfactory customer experience. Shoppers feel let down when they enter the store, and associates are "outgunned" by the digital information customers already have at their fingertips.

For shoppers, digital tools support in-store purchases[12]

70% Mobile shoppers who say ability to shop in-store affects purchase decision

45% Shoppers who research online before planned in-store purchases

Consumer expectations moving faster than retail evolution

Don't take this the wrong way, but just 9% of shoppers are satisfied with your in-store experience. Online shoppers? It bumps up to 14%. Blame cutting-edge digital experiences from other verticals. The good news is the tech that they want in your store already exists: 55% want virtual assistants, another 55% are eager for augmented and virtual reality and 59% want more AI. Shoppers aren't so much interested in the tools, but the results. Asked how they want in-store shopping enhanced, 37% said improved product variety. For online, the top area of improvement at 36% was making it easier to find what they want.[13] Shoppers want to see every color option, not just what's stocked on the shelf. They want to know where to find items in the store, and warranty info, additional media and what others say about the product.

By meeting these expectations, retailers can bridge the gap between the digital and in-store experience — delivering what customers truly value.

A little handholding goes a long way

Retailers are in a tough position. At the same time consumers want more digital connection points, 70% want more one-on-one interactions,[14] and technology can help. Think about this – inventory levels have rebounded from COVID-era lows, yet the second most common reason customers leave stores empty handed is because they couldn't find what they wanted.[15] That should be a priority for all retailers. You've invested in brick-and-mortar locations and staff, stocked the shelves, and convinced shoppers to choose you over competitors. But once inside they can't buy because they can't find, even when using apps.

This is where in-store digital technologies come in. Kiosks powered by AI avatars trained with product knowledge and connected to your customer data free up associates from answering routine queries and provide a consistent customer experience each day. Digital displays right at the shelf that educate with enhanced product information and drive higher conversions with timely promotions. These new points within the shopper journey then allow employees time for deeper, and more profitable, customer interactions.

Retail runs on shopper sentiment

You could chalk up some consumer dissatisfaction to a bit of "cluelessness" or impatience, but ultimately you need to adapt to their wishes, and associates need your help to provide a pleasant experience. When shoppers don't get the expected service, they take it out on associates. A recent study showed that in stores that employees themselves considered "always understaffed," they experience frequent customer bullying – 25% vs. 11% in stores considered "not always understaffed.[16] Stores need capable staff with the time, motivation and tech to support customer needs. In addition to being the human-centered thing to do, it's proven to boost the bottom line with 42% of retailers with top-quartile EX also achieving top-quartile CX.[17]

Top associate pain points[18]

38% **Increased workload**

25% **Lack of training**

23% **Frustrating technology**
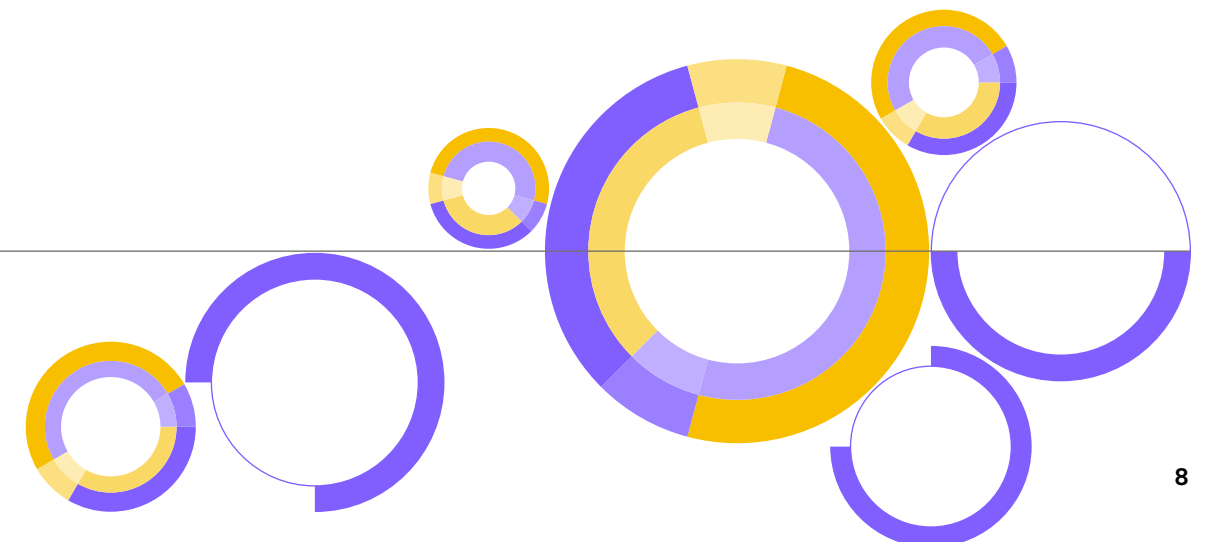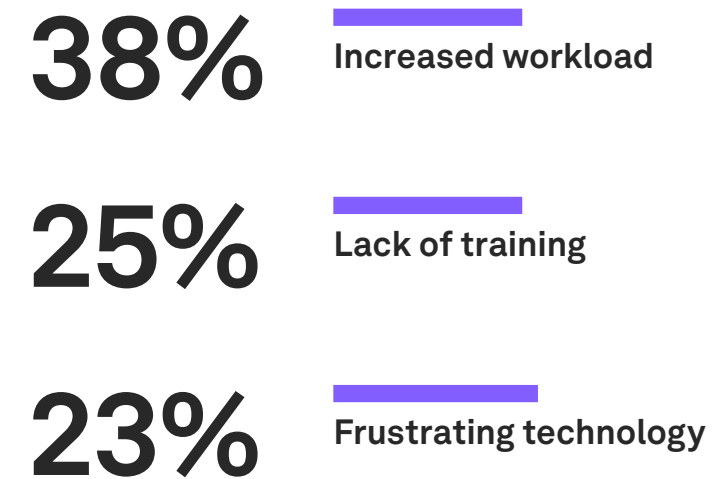
[14, 15] Zebra, *Beyond the Basket: What Shoppers Really Want in Their Retail Experiences*, January 29, 2024
[16] Shift – *Harvard Kennedy School, Please Wait, Help is on the Way: Self-Checkout, Understaffing, and Customer Incivility in the Service Sector*, August 2024
[17] McKinsey, *How Retailers Can Build and Retain a Strong Frontline Workforce in 2024*, July 17, 2024
[18] ScandIt, *Frontline Retail Revealed: Motivations, Technology Attitudes and Insights*, 2024

8

Checking the receipts, costs to the industry

76%

Retail execs who want to use tech to solve labor challenges*
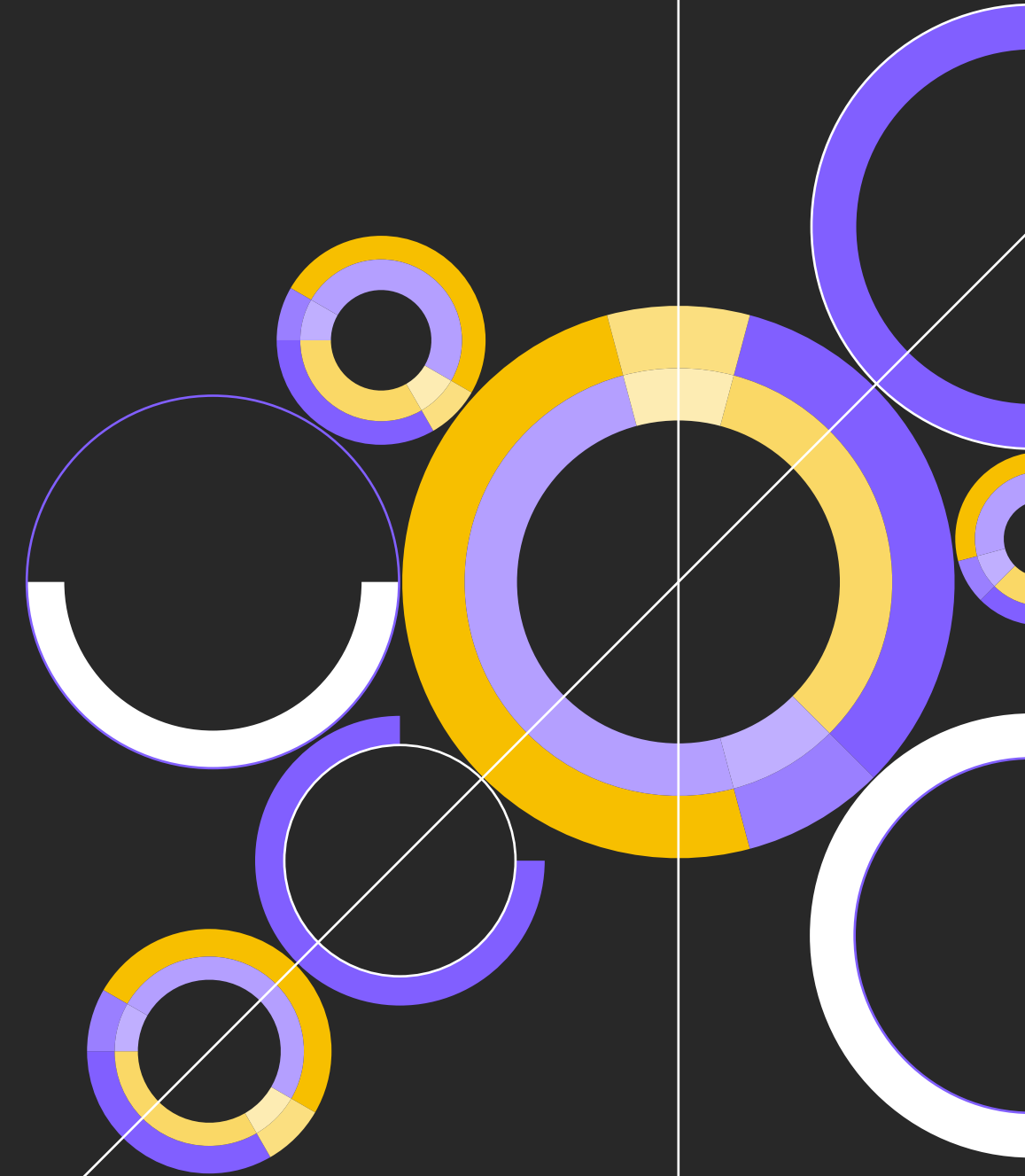
Seeing the EX/CX connection

From our work with leading retailers and industry executives, we see the direct correlations. When you add technology that improves the worker experience, you also enhance the customer experience and reduce attrition, currently at 60%.[19] The common denominator? Solutions that reduce associates' time-consuming tasks, make work more enjoyable, and increase job satisfaction. It's worth the investment, as losing a single frontline associate costs retailers an average of $10,000.[20]

How fewer workers cost retailers more

Where does that $10,000 show up on the balance sheet? First, there's the financial impact of talent acquisition, training new employees, and waiting for them to reach peak performance. Then, there are the opportunity costs of running under-staffed stores or constantly onboarding new hires.
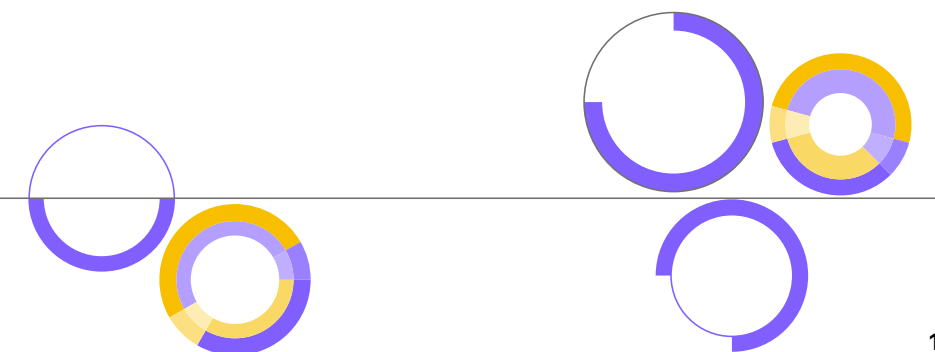
The costs of poor employer-employee relationships extend beyond the 60% turnover rate, leading to a potential 23% reduction in profitability and a 10% drop in customer satisfaction.[21]

Engaged employees = better revenue

3.8X   **Customers are more likely to re-purchase after a good experience[22]**

23%   **Better profitability[23]**

18%   **Boosted sales productivity[24]**

[19, 21, 23, 24] Relesys, *Retail Relationships Reset*, February 2024
[20] McKinsey & Company, *How Retailers Can Build and Retain a Strong Frontline Workforce in 2024*, July 2024.
[22] EY, *Why You Should Rethink AI-Powered Customer Experience as Human Experience*, July 2024

A new way to define and support the retail team

Retail continues to evolve, yet the industry hasn't changed who it considers "an associate" and the activities those employees fulfill during a workday. The scope is being rewritten by changing needs, customer demands, and new opportunities. It's time to ask: Who are your new retail employees, and what roles should they fulfill?[26]

Digital staff become mission critical

As retailers shift toward greater digital integration, roles like cloud architects, data modelers, and systems analysts are becoming as essential as traditional merchandising leads or store managers. With an increasing emphasis on digital solutions and a compound annual growth rate of 9.3% for retail automation between today and 2030, [25] retailers will need the same resources as tech-advanced businesses—IT experts, data analysts, and cutting-edge technologists.

Technology is a hardworking teammate

Retailers looking toward a more efficient future must focus more on technology and automation and less on physical labor. By 2025, IDC predicts that 50% of retailers will offer AI-enabled contextualized recommendations to enhance customer engagement.[26] This and other tech initiatives only have to boost revenue 2-4% to justify investments in large language models (LLMs).[27] Globally, 61% of retailers will extend "digital outreach" to significantly increase their data-sharing and collaboration with partners for better forecasting.[28]

Overall, the global retail automation market is expected to grow at a compound annual growth rate of 9.3% from 2024 to 2030, with in-store implementation accounting for 60% and POS solutions accounting for the highest area of growth.[29] Research shows that automating repetitive tasks can free up 20-30% of time for employees in finance, HR, IT, procurement, and legal roles. In fact, up to 40% of finance tasks can be automated.[30]

One of the most promising areas is with collaborative robots (cobots) and automated guided vehicles (AGVs) that are designed to interact with people bringing goods from warehouses or stockrooms to customers. This market is poised for even more explosive growth with a predicted 30% compound annual growth rate until 2028.[31]

Interoperability wins from showroom to backroom[32]

4-6% ▬▬ Reduced supply chain operation cost

2-5% ▬▬ Increased gross margin via inventory forecasting

1-3% ▬▬ Increased revenue across core functions

25,29 Grand View Research, *Retail Automation Market Size & Trends*, December 6, 2023
26 IDC, *IDC FutureScape: Worldwide Retail 2024 Predictions*, October 2023
27 McKinsey, *LLM to ROI: How to Scale Gen AI in Retail*, August 5, 2024
28 Deloitte, *Deloitte Global Retail Outlook 2024*, March 2024
30 Deloitte, *From Great Resignation to Great Reimagination*, April 2022
31 Control Automation, *Beyond the Factory Floor—Robots for the Retail Sector*, December 2022
32 Accenture, *How Smart Retailers are Leveling Up with a More Flexible Software Approach*, May 9, 2024

Building a better storefront with tech

The true differentiators will show up as tech focused improvements that draw shoppers deeper into your brand experience while enhancing the nature of retail work. Smart retailers are now considering customer and associate lifetime value together, creating opportunities for synergy. Think turnkey retail solutions that distribute interactive media, enhance customer flow with AR wayfinding, and reduce device maintenance effort. Imagine vibrant digital screens paired with AI avatars that capture shopper data to create personalized experiences, tailored to product and payment preferences.

Unexpected item in the bagging area

In this conversation of technology in the shopping experience, let's understand that we're advocating for tech that engages consumers in-store, tech with a selling purpose. The tech must offer a promotion, deliver product info or help navigate to an item. Take self-checkout. Does it serve a purpose? Yes – reduced labor costs and shorter check-out lines. But it may exacerbate an issue it's intended to solve. One study found that employees in stores with self-checkout reported a 26% increase in understaffing compared to stores without it.[33]

The reality may be that retailers implemented self-checkout in a way that prioritized their needs over the needs of their customers. Self-serve experiences don't have to be purely transactional, or analog for that matter. With a thoughtful approach, they can relieve pressure on associates while adding value to the shopper's in-store visit – for instance, augmented reality wayfinding can guide shoppers to their product of choice while also educating them about other products along the way, or an AI-enabled vending machine can deliver products normally requiring an associate to capture customer information. By integrating tech with both the customer and employee in mind, retailers can create in-store experiences that add value all around.
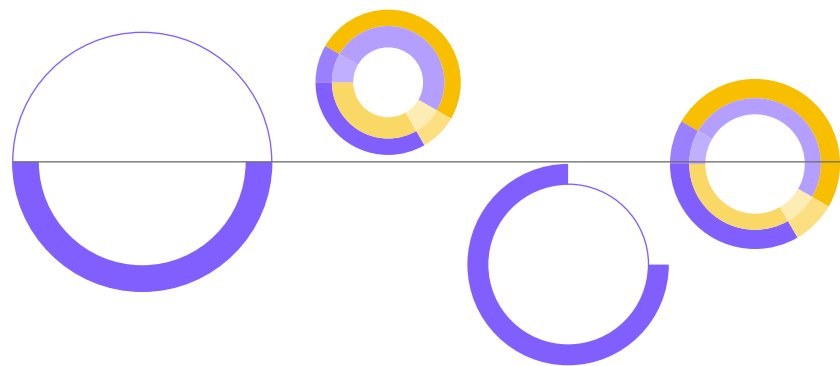
Keeping the line – and information – moving improves the customer experience

Streamlined workflows and better data utilization can help address a key challenge: 77% of workers feel customers know more about products then they do.[34] Currently, 73% of frontline associates are unhappy with the tech their employers provide.[35] Ask who gets more frustrated when an associate can't find information – the associate or the customer? The solution lies in tools like automated inventory systems with real-time image processing. These tools enable employees to respond to customer requests faster and with less stress. This helps staff look like heroes who are treated as allies by customers.

[33] Shift – Harvard Kennedy School, *Please Wait, Help is on the Way: Self-Checkout, Understaffing, and Customer Incivility in the Service Sector*, August 2024
[34] Zebra, *The Retail Pulse: Discoveries from 16th Annual Global Shopper Study*, 2023
[35] Quinyx, *2024 State of the Frontline Workforce*, April 2024

Create retail jobs employees can care about

Just as retail space is being reimagined to deliver engaging customer experiences where shoppers are simultaneously entertained and educated, the role of retail employees has the potential to undergo a metamorphosis. Imagine a squad of empowered shopper advisors in this new commerce paradigm.

The associates core aim then is not transactional (in the negative sense), but stewarding the brand – floor associates, after all, are closest to the customer journey and directly feel shoppers' joy and frustration. Retailers are accelerating the onset of this role with many executives planning to invest in technologies that support simplified collection and submission of shopper feedback to in-store managers and staff. By creating more rewarding experiences, you can transform an employee's perception of their role and elevate their sense of purpose.

"The power of human-centered tech is that it's designed to work for the associates and customers, not the other way around. It enables people to serve customers at a higher level and maintain dignity."

— Karen Clarkson, Vice President, Ricoh North America

Factors that increase associate retention[36]

2.7X
Meaningful workplace experience

2.2X
Pride of employment

1.7X
Fun work environment

[36] Great Place to Work, *Unlocking the Secrets of Employee Retention*, January 2024

Tech to boost customer and employee satisfaction: results we're bringing Ricoh customers

The luxury of managed services and seamless customer service

The Challenge: Despite operating hundreds of stores worldwide and having an active online shopper base, this luxury retailer lacked standardized IT processes and faced inconsistent point-of-sale technology.

The Solution: To improve the executive management team's visibility into their technology, Ricoh conducted a rigorous POS assessment and implemented a standardized service model.

"One of the key reasons we selected Ricoh was the strength and global footprint of their Managed Services organization, having the distinct ability to deliver the necessary level of service at scale without the use of sub-contractors."

— IT Leader, Luxury Retailer

The Results: Today, the retailer provides seamless customer service with new hardware and IT infrastructure, backed by Ricoh's 7-day support and enhanced 4–8-hour SLA targets.

Over 90% Infrastructure uptime

How Ricoh Managed Services allow this pet retailer to run at full speed

The Challenge: A well-known pet retailer processes 25,000-30,000 coupons per month, scanning to capture data and mailing the physical coupon. Unfortunately, manufacturers won't reimburse without this time-consuming, costly process, tying up revenue since the retailer has already applied the discount to the customer's purchase.

The Solution: Instead of an off-the-shelf solution, we developed a customized process, centralizing operations at a Ricoh facility. This allowed the retailer to reduce staff and equipment, letting all 1,400 stores focus on core operations.

The Results: Our work has helped the retailer claim more than $12-million dollars in coupon reimbursements. The total process time was reduced from months to weeks, helping the retailer better deploy resources, reduce operating costs, and better manage cash flow.

$12MM Coupon reimbursements

How data capture became sharpest tool in this furniture makers kit

Challenge: Twenty stores, thousands of lines of manually entered data, and 400-page paper invoices meant approving and issuing payments took 4 or more weeks for this family-run furniture maker. Vendors were not happy, experienced credit issues, additional costs and a damaged business reputation.

The Solution: We implemented smart data capture for both paper and digital invoices, followed by 1-click automated approvals via email. The solution, an affordable cloud-based system, reinvented the company's process.

The Results: The solution transformed the accounting team's workflow, cutting approvals from weeks to hours and reducing total invoice processing time from 27 days to fewer than 5. Seamless integrations, reduced errors, and improved decision-making saved the company nearly $300,000.

$286,000 Projected cost savings

RICOH

The retail resurgence is on

There continues to be a great deal of retail reshuffling, and the dust hasn't settling yet. If retailers aren't reevaluating their path forward, it's time to seize the moment. Refocus on integrating tech at the shelf and throughout the in-store shopping journey. While the industry has adopted the mandate of mobile-first across digital environments, the next step is envisioning physical environments as digital-first.

Organizations that successfully carry over experiences and data from the digital space of customers' devices to their own floorspace stand to gain significant rewards. These include greater customer engagement and the 2-3X revenue spread that innovative retailers have already demonstrated.

We are accelerating the power of information in retail today.

Accelerating the innovation of the in-store experience.

Accelerating the capture of valuable customer data.

Accelerating the merging of e-commerce with brick & mortar.

For retail, this means that we are accelerating the...

Power to easily roll out engaging digital media.

Power to elevate the customer experience.

Power to increase revenue and customer loyalty.

That's how we accelerate the power of information.

Ricoh, turning information into advantage

At Ricoh, we're revamping how businesses around the world collect, use and share information. To us, there's no such thing as too much information. And there is no such thing as too many ways to unlock its power. Partnering with our clients, we're harnessing the insights within information to help teams work more collaboratively. It's how we're using technology to unleash the full power of people.

Our team of retail experts is ready to help transform your information into greater competitive advantage.