

# Frictionless 'stores of the future' will land and expand

**ARTICLE** | **DECEMBER 30, 2020**

**eMarketer Editors**

**A** new paradigm of physical retail, created and accelerated by the pandemic's disruptive forces, is ready to emerge. In the coming year, the "retail apocalypse" will reach a crescendo as many teetering legacy retailers close hundreds of locations. In their place, frictionless, digitally enabled retail experiences will dot the landscape.

"The pandemic has only inflamed consumers' existing disdain for waiting in checkout lines," said Andrew Lipsman, eMarketer principal analyst at Insider Intelligence and author of our recent report, "[Future of Retail 2021](#)."

"Already an impatient bunch, they'll feel the added anxiety of seconds ticking by as cashiers manually check out item after item and a fellow customer coughs in line," he said. "Many are skipping checkout entirely with curbside pickup. For occasions where physical checkout is necessary, the experience should be as quick, frictionless, and contactless as possible."

Amazon is rapidly advancing the technology and customer awareness of frictionless commerce. The rollout of Amazon Go, the cashierless convenience store concept featuring its patented Just Walk Out technology, is well underway. Now Amazon Fresh grocery stores, which feature "Dash Carts" that automatically scan and

charge items placed in the shopping cart, are popping up near big cities like Los Angeles and Chicago.

In September, Amazon also unveiled the Amazon One handprint scan technology that can identify customers upon store entry, set to be rolled out at two cashierless stores in the Seattle area. The company will look to license these technologies to other physical retailers, which could dramatically scale their footprint and hasten consumer adoption.

It's not just Amazon aggressively implementing frictionless commerce. Starbucks, which opened its first pickup-only store format in Manhattan in November 2019, reconfigured most of its stores on the fly in the early pandemic period to perform the same functions—mobile order-ahead and contactless payment and pickup. The company is now leaning into the format with hundreds of pickup-only locations planned over the next year or so.

Walmart is also embracing frictionless technology, with plans announced in October to turn four stores into digital laboratories. Each will experiment with digital integrations designed to streamline checkout, speed up ecommerce fulfillment, empower store associates, and enhance store signage.

A recent study from [Periscope By McKinsey](#) illustrates just how fast consumers are embracing these technologies. Between March 2020 and June 2020, interest in both mobile payments (up from 17% to 30%) and mobile app orders (up from 16% to 28%) surged. Meanwhile, more than one-fifth of respondents registered interest in both apps to scan barcodes and the use of digital screens for store navigation in June.

## Coronavirus Impact: Interest in Select Digital Retail Technologies Among US Consumers, March 2020 & June 2020

% of respondents

	March 2020	June 2020
Mobile payments	17%	30%
Mobile app orders	16%	28%
Apps to scan barcodes	-	25%
Self-identifications at terminal	26%	25%
Digital screens to navigate	-	22%
Digital screens for browsing	23%	20%
Digital shelf labels for info	21%	20%
AR to try on product	15%	16%
AR for product info	15%	16%
Location recognition	13%	16%

Source: Periscope By McKinsey, "Retail Reimagined: The New Era for Customer Experience," Aug 6, 2020

258110

eMarketer | InsiderIntelligence.com

Digital store signage is in its very early innings but will be transformative over the next decade. Arsen Avakian, co-founder and CEO of Cooler Screens, a digital merchandizing and media platform that replaces traditional cooler doors in retail stores, called digital store signage “the last-mile of advertising”—a highly effective dynamic marketing vehicle right at the point-of-sale (POS). It also reduces friction as customers traverse the aisles.

“Relevance, transparency, and ease are the three guiding values of the consumer experience,” he said, noting that Amazon has disrupted retail by providing transparency (with product reviews) and ease (with free two-day shipping). Brick-and-mortar has inherent advantages and “just needs to reinvent itself.”

“Technology is transforming physical retail, and the pandemic catapulted frictionless experiences—and consumers’ expectations—years into the future,” Lipsman said. “Full-scale concepts will take time to roll out, but it’s clear that 2021 will be the year that consumers get a real taste of what’s to come.”

eMarketer PRO subscribers can read more about the key trends we believe will be the most significant shifts in retail and consumer behavior in 2021.

**Report** by Andrew Lipsman Dec 18, 2020

## Future of Retail 2021



Not sure if your company subscribes? [You can find out here.](#)