

The Store That Comes to Life

Reinventing the store of 2030 by offering a personalized and stimulating experience to drive more customers to the store.

TKS

The Knowledge Society



Walmart



Executive Summary



Objectives

Experiential Retail

The future of retail is experience. **86%** of shoppers **prefer** a store with a unique **experience**.⁽¹⁾ It has become so important that the majority of customers are willing to pay; over **78%** of consumers would choose to **spend money** on an **experience**.⁽²⁾

Personalization

The brick-and-mortar industry misses out on the opportunity of personalization in its store ⁽³⁾. **80%** of consumers are more likely to make a purchase from a brand that provides **personalized experiences** ⁽⁴⁾. **63%** of consumers will stop buying from brands that use **poor personalization tactics**⁽⁵⁾.



Solution

Augmented Reality

AR glasses will be provided in-store.

a. **Environmental Experience:** Immersive, creative, and customizable AR displays will stimulate customers and create a unique experience.

b. **Products in Context:** Curated product information and interactive 3D product models that are relevant to the customer are displayed via AR glasses.

Personalized Pricing

Customers' most frequently bought items are automatically priced lower for them seamlessly throughout the store. Tailored product recommendations that have discounts allow customers to explore a wide variety of items at lower costs.



Impact

Augmented Reality

Using AR in all 4,743 Walmart stores in the U.S, and assuming all customers use the AR experience leads to **\$19 billion** additional yearly revenue.

[See full calculations](#)

The other benefits of AR and Personalized Pricing include increased customer loyalty/retention, and foot traffic for physical Walmart stores.

Personalization

As a new feature of Walmart+, we would drive **15 million** new members. Rewarding customers for purchasing more would lead to **14\$ Billion in additional profit**.

1 – CNBC Report

2 – Harris Study

3 – Direct Interview | Doug Stephens

4 – Research Article | Epsilon

5 – Research Article | Smartinsights

The Problem

Walmart is **losing foot traffic** in its physical stores to its competitors. (1) In the retail industry as a whole, **70%** of people in the US **shop online** (2). Due to the pandemic and growth of e-commerce, it is more **convenient** for customers to shop online. Not only that, Walmart has been making **less money** because of their e-commerce platform(3).

What does this **mean**?

This means that **bringing in more customers to brick-and-mortar stores** will help Walmart **stay on top** of its competitors in retail. This would also help Walmart **reduce costs** that come from the e-commerce side.

Robin Lewis
CEO of *The Robin Report*

“E-commerce is costly for retailers. Factors include consumers ordering “onesies” which increases the costs of packaging, shipping, distribution and employee payroll. This is the case across all retail segments” (4)

Bella Activia
GenZ Consumer

“As of now, I only shop at Walmart for essentials. For everything else, it's easier to shop online. Or I'll go to Target more often to buy things on impulse.” (5)



1 - Article | Forbes

2 - Report | Statista.

3 & 4 - Article | Forbes

5 - Direct Interview

Objectives

The internet has caused our minds to expect **personalization** and **experience** non-stop. However, the physical store is a **void** in comparison. Walmart has to provide these two aspects to **give customers a reason to go in-store shopping**.



Walmart needs to focus more on experiential retail compared to their other retail aspects. **85%** of business leaders said that **differentiation by price, product and service is no longer a sustainable business strategy**. **71%** of these leaders also stated that they believed that **'customer experience' is the new battleground**(1).

1 – Research Paper | BT Technology

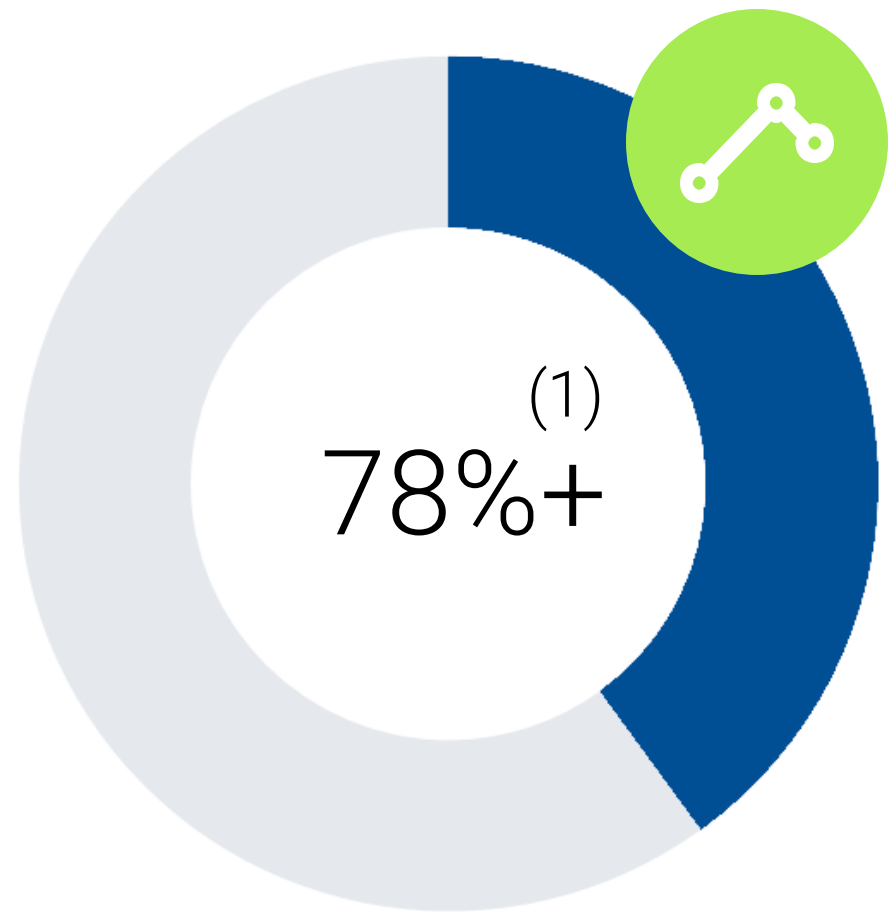


Personalization in store is a massive opportunity: **25%** of consumers say that Brick & Mortar needs the most improvement with respect to personalization. Big box retailers like Walmart especially suffer from this: **47%** of their customers **expect a personalized experience**; only **12%** actually receive one(2).

2 – Research Paper | Segment

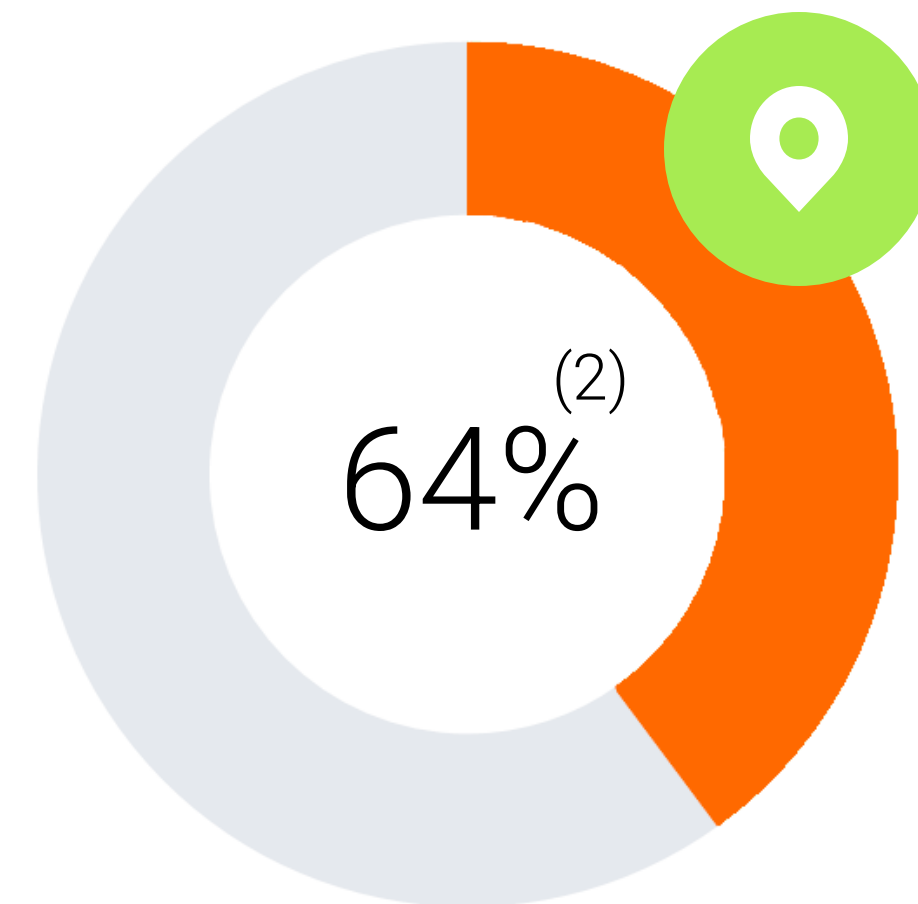
Environment is an Experience

Solution #1 – Experiential Retail



Over **78%** of consumers would **spend money** on an **experience** in a **physical retail environment**.

Customers highly value experience in brick-and-mortar stores. We plan to create an engaging in-store experience.

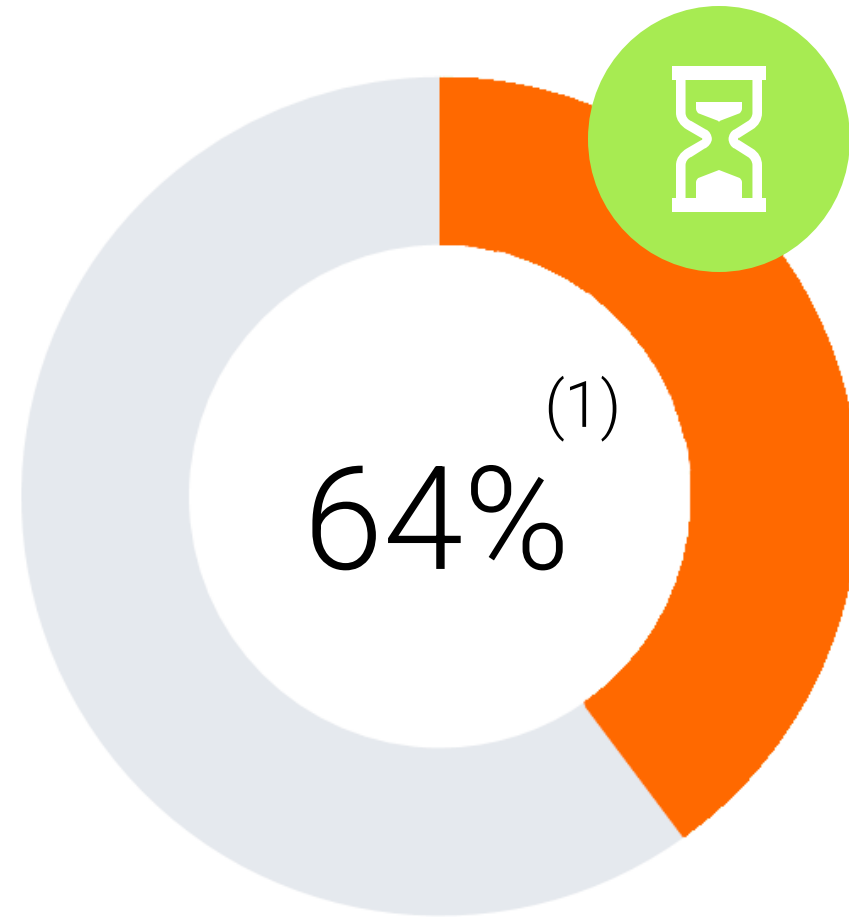


64% of customers walked out of a store due to **poor physical appearance**.

The physical store environment plays a large role in the customer's experience. Creating an immersive environment is of utmost importance.

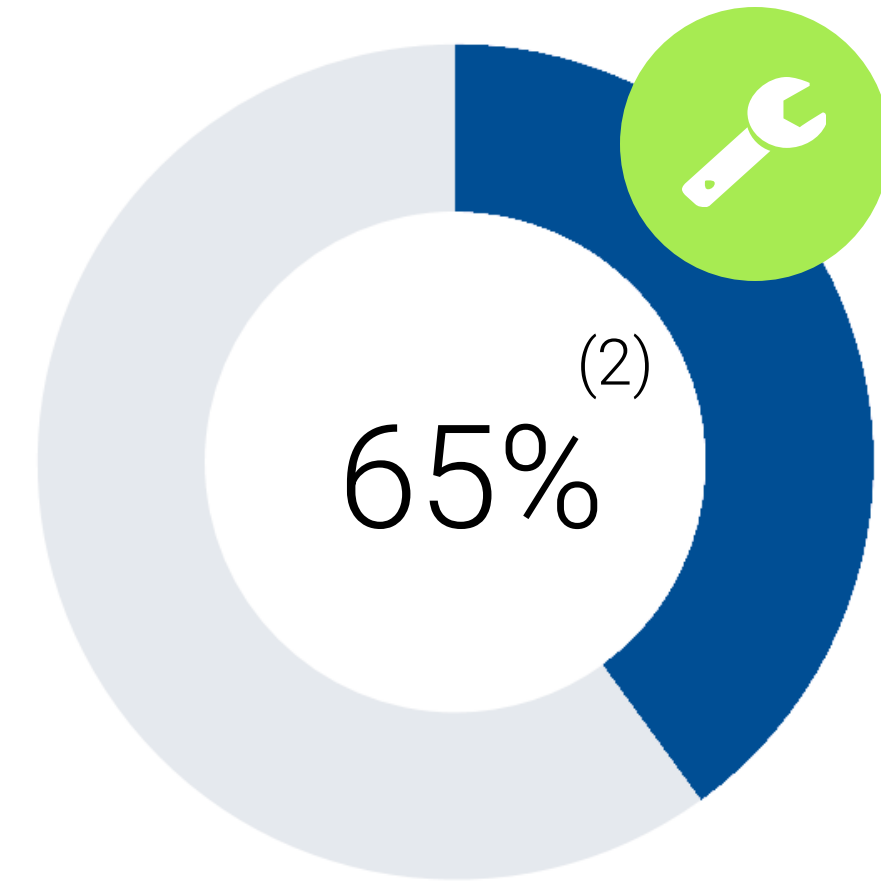
Products in Context

Solution #2 - Experiential Retail



64% of customers **want to shop** with companies that can meet their needs in **real-time**.

Customers value having their questions and curiosities answered as fast as possible. Being able to provide a system in which customers have access to all related information to a product would be a key turning point.



65% of customers, when applicable, use AR to discover product information.

Showing products in context right when customers need information on the products would remove the time taken to contact an associate or search for the item. Customers are also open to using AR in such a way.

AR Glasses for an Experience

Our solution incorporates AR. Augmented Reality glasses are rapidly gaining prominence as fields start using them. They provide an immersive and interactive experience that would enhance the environment and in turn, the experience.

The First-Mover Advantage



Only 1% of retailers are currently using AR or VR (Virtual Reality) in their customer buying experience (1). There is opportunity for Walmart to invest in AR, because they would be among the first to do so.

Growth of AR



The global market for Smart (AR) Glasses estimated at 255.6 thousand units in the year 2020, is projected to reach a revised size of 8.8 Million Units by 2026, growing at a CAGR of 80.3% (2).

Consumer Awareness

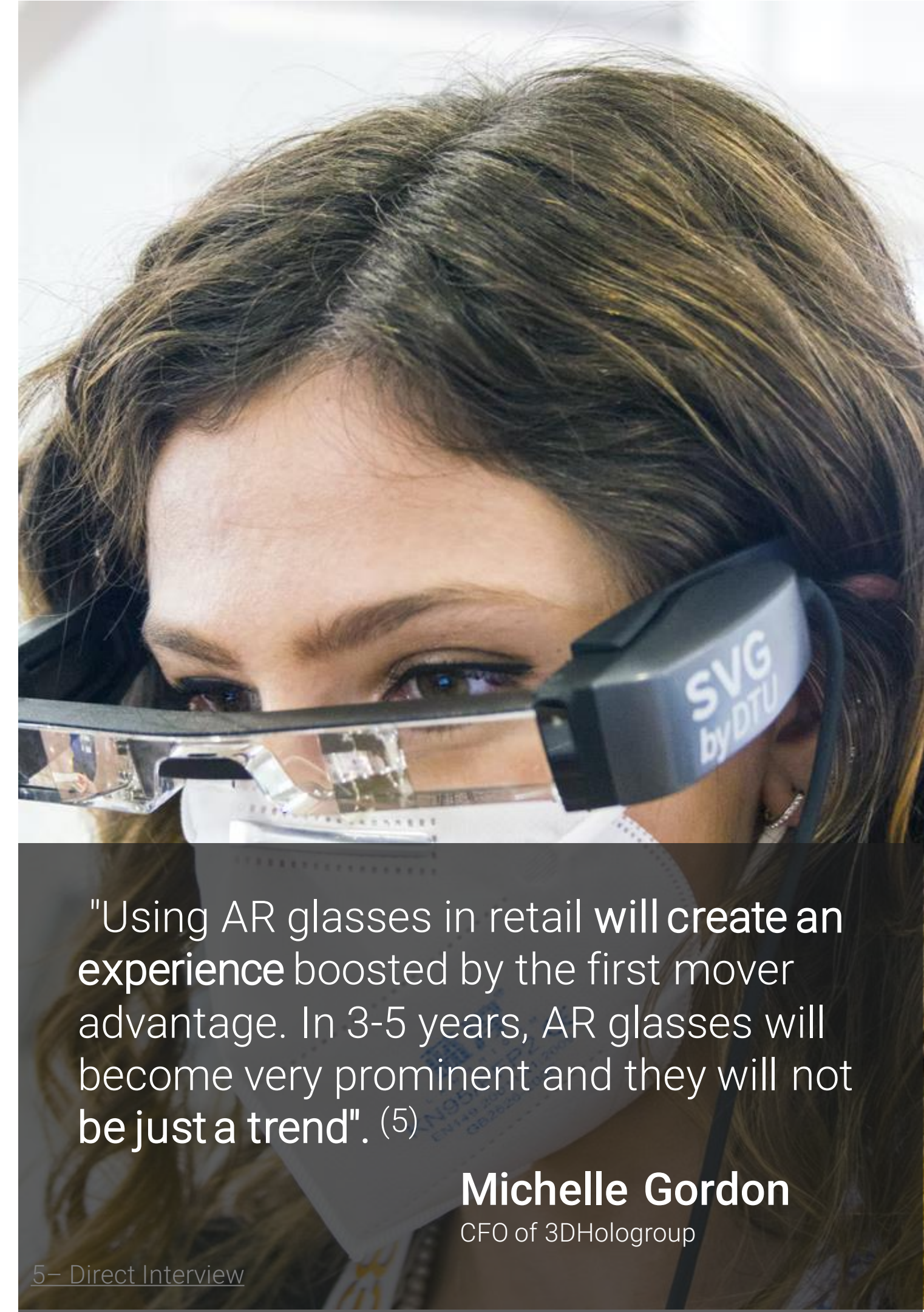


70% of consumers 16 to 44 years old are aware of AR. The AR industry has the highest rates of acceptance and adoption among consumers. (3).

Consumer Demand



71% of consumers say they would shop more often if they used AR (4).



"Using AR glasses in retail will create an experience boosted by the first mover advantage. In 3-5 years, AR glasses will become very prominent and they will not be just a trend". (5)

Michelle Gordon

CFO of 3DHologroup

5- Direct Interview

1 - Research Article | MarketingDive

2 - Global Market Trajectory & Analytics | BusinessWire

3 - Website | ThreeKit

4 - Research Findings | ThinkingMobile

Changing the Environment with AR to Create an Experience

(1)

Donald Norman
Cognitive Scientist

"When there is an element of play and fun designed into an atmosphere, people will have a better experience."

[1 – Article | The VCG](#)

In this solution, customers get to be inside a customizable and immersive visual/auditory environment through **AR glasses**. They can choose from various options of themes and how immersive it should be based on preference.

This also makes the store constantly provide a **subjective and interactive experience**; something that our minds are conditioned to want due to the internet (2), and something that physical stores lack because of tradition.

[2-Direct interview with Doug Stephens](#)

Stores need actionable vision that will set them apart and entice people back inside their stores (3). **Providing a stimulating customer-oriented AR experience will do just that.**

[3– Research Paper | Harvard Business Review](#)



Without the AR Glasses



With the AR Glasses

AR for Products in Context

Doug Stephens
Retail Futurist

"Now more than ever, people expect answers to questions instantly. Online, they can easily access information about products, in person-not that much." (1)

[1-Direct interview with Doug Stephens](#)

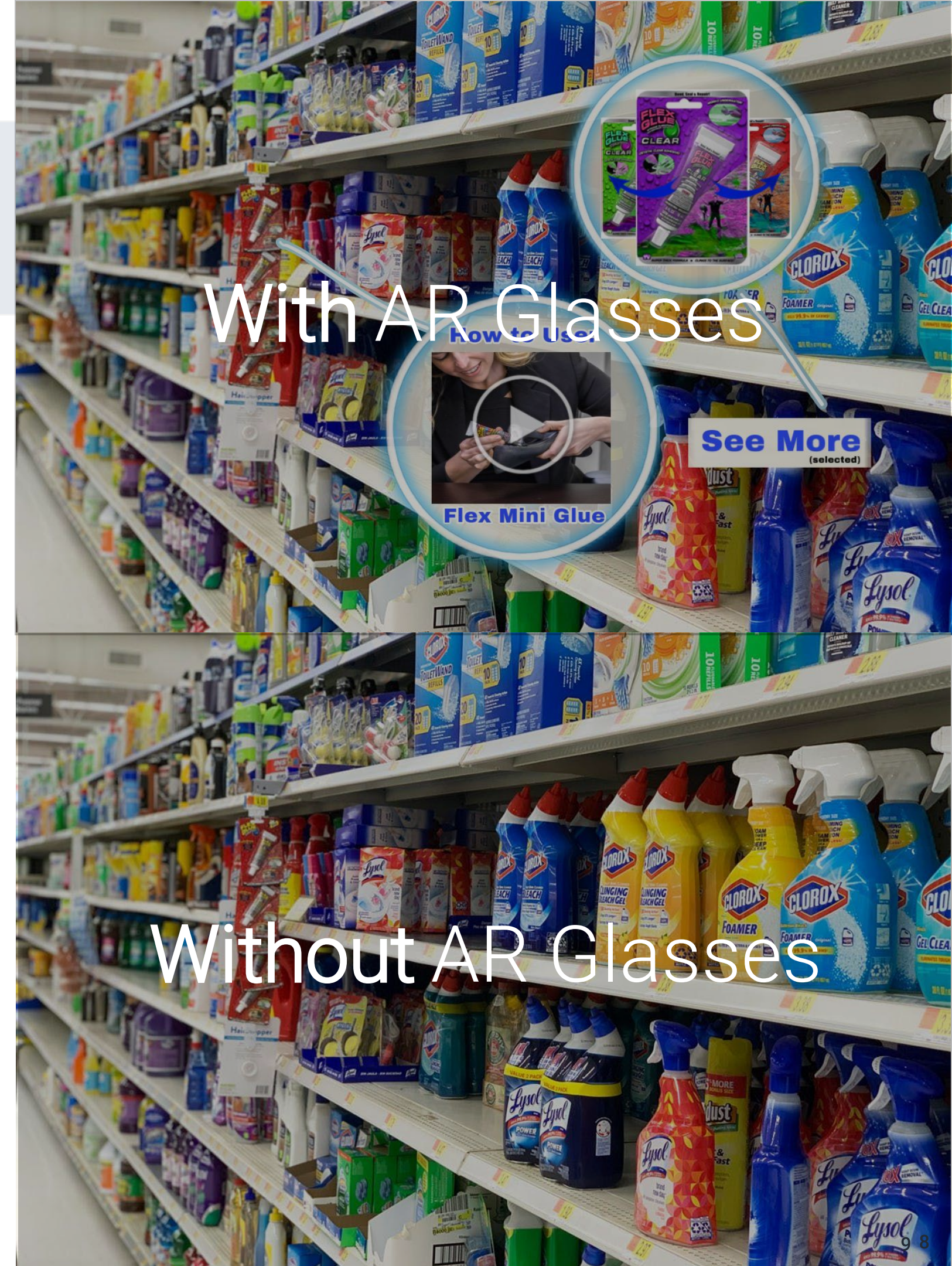
In this solution, customers get information about products **when and where they want it through AR glasses**. This solution allows customers to see information on how to use a product, what it is, other versions of it, similar items, etc.

This also makes the store **instantly provide answers to many different curiosities and questions**; something that 90% of customers minds are conditioned to want due to the internet(2), and something that physical stores lack.

70% of customers who contact customer service attempt self-service during their resolution journey, but only 9% are wholly contained within self-service (3). **This solution provides instant and scalable self-service.**

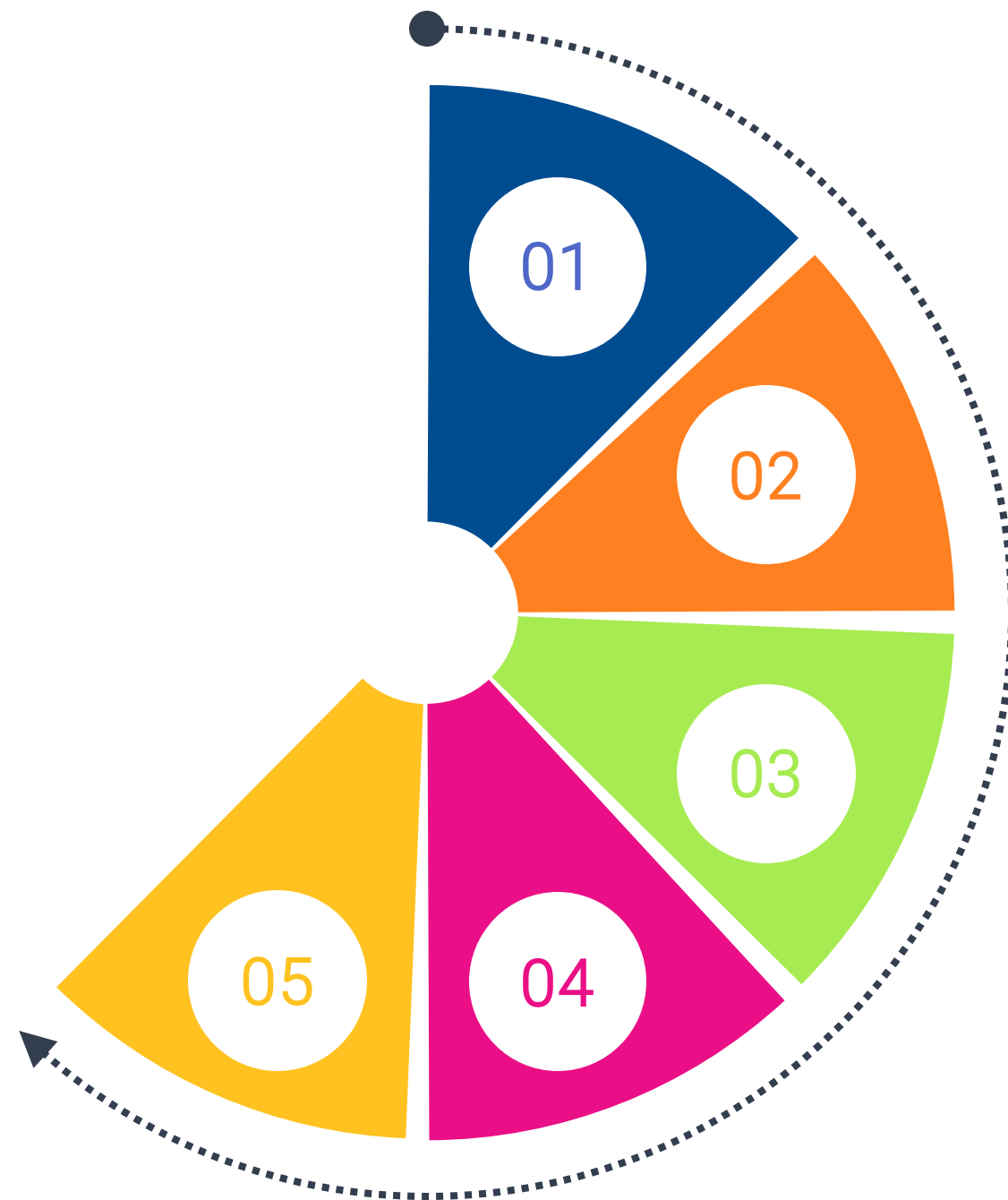
[2 – Website | Emplifi](#)

[3– Research Paper | Gartner](#)



Potential Obstacles

The issues that may arise with AR + how we can combat them



Visually Impaired Customers

We assume that AR glasses will account for those who are visually impaired due to the rising usage of the technology.



First time users or people unfamiliar with the technology

The glasses will display an optional walkthrough. This will also say how to choose the option itself.

[Demo here](#)



Intensity of visual / auditory elements being overwhelming

There will be a tool to toggle the elements intensity and functionality.

[Demo here](#)



Cybersecurity

We assume that the security in these glasses, like most other tech, will become more developed with time.



Preventing Theft

With the help of RFID technology (tags and sensors) we can make sure the glasses do not get stolen.

[Learn more Here](#)

We calculated and came to this an assumption since the use of **AR technologies** in retail leads to an **increase in engagement rates** (1), and **engaged** customers spend between **20% and 40% more** than other customers (2).

\$19 Billion of Additional Yearly Revenue (5)



50% Increase of Customer Retention (3)

More than just experience, our solution also provides **instant access to curated information**, something that **90% of customers expect** and highly value (4).

[1-Journal of Business Research](#)

[2- Article |Bain&Company](#)

[3 - Article | Emplifi](#)

[4- Article | Hubspot](#)

[5-See full calculations](#)

Implementation Plan

Rolling out our AR solution across all of Walmart US stores

Build Affiliate Marketing Partnerships

Partner with AR glasses companies through affiliate marketing:

Build partnerships first to acquire the first mover advantage. AR companies will design **Walmart AR software** in this period, and conduct R&D to improve their products. The companies **provide** the AR glasses. Walmart makes a profit with the affiliate marketing model and by **driving more customers** to the store with AR.



02
4-6 months



Beta Testing

Test out AR Glasses in 3 locations:

Conduct testing in **West, Midwest, and East**. Customers will enter the store, grab a pair of AR glasses, shop, drop off the glasses, and exit. Testing will help determine the **locations in US** with the most **customer demand** for the product, to start rolling out AR.

Official Launch

Roll out the official AR service:

AR glasses companies will send **shipments** of glasses to **most effective store locations**. AR service will be strongly marketed towards Walmart customers. This service will be **completely free for customers** as Walmart is a store that caters to price sensitive customers, and the increased traffic from this new experience will **cover costs and bring in long term profit**.



03

2-5 years

04



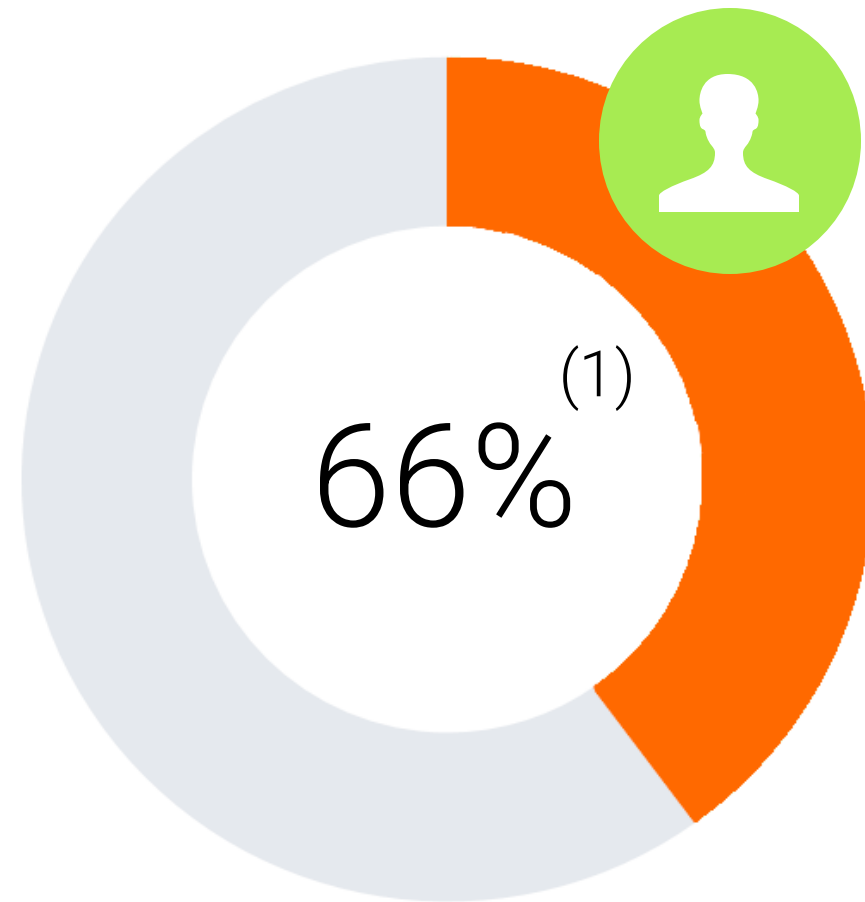
Yearly Updates

Update software of AR annually:

Walmart will send out **monthly customer surveys**, via AR glasses/Walmart App and collect data on consumer behavior based on how they use the AR glasses and their **preferences in visual/auditory experience**. Use this info to predict what customers want and carry out yearly updates to the software.

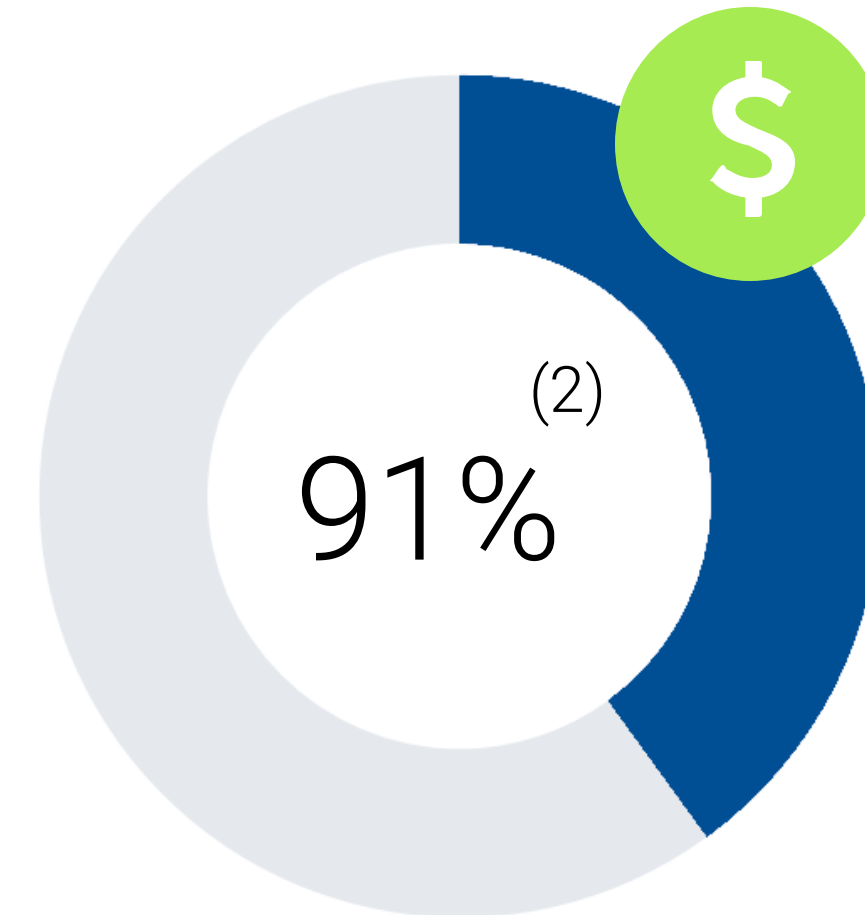
Personalized Discounts & Recommendations

Solution for Personalization



66% of consumers said discounts based on purchase history were the *best* form of personalization.

Personalized discounts are an especially high impact technique – but simple targeted emails and coupons **won't cut it.**

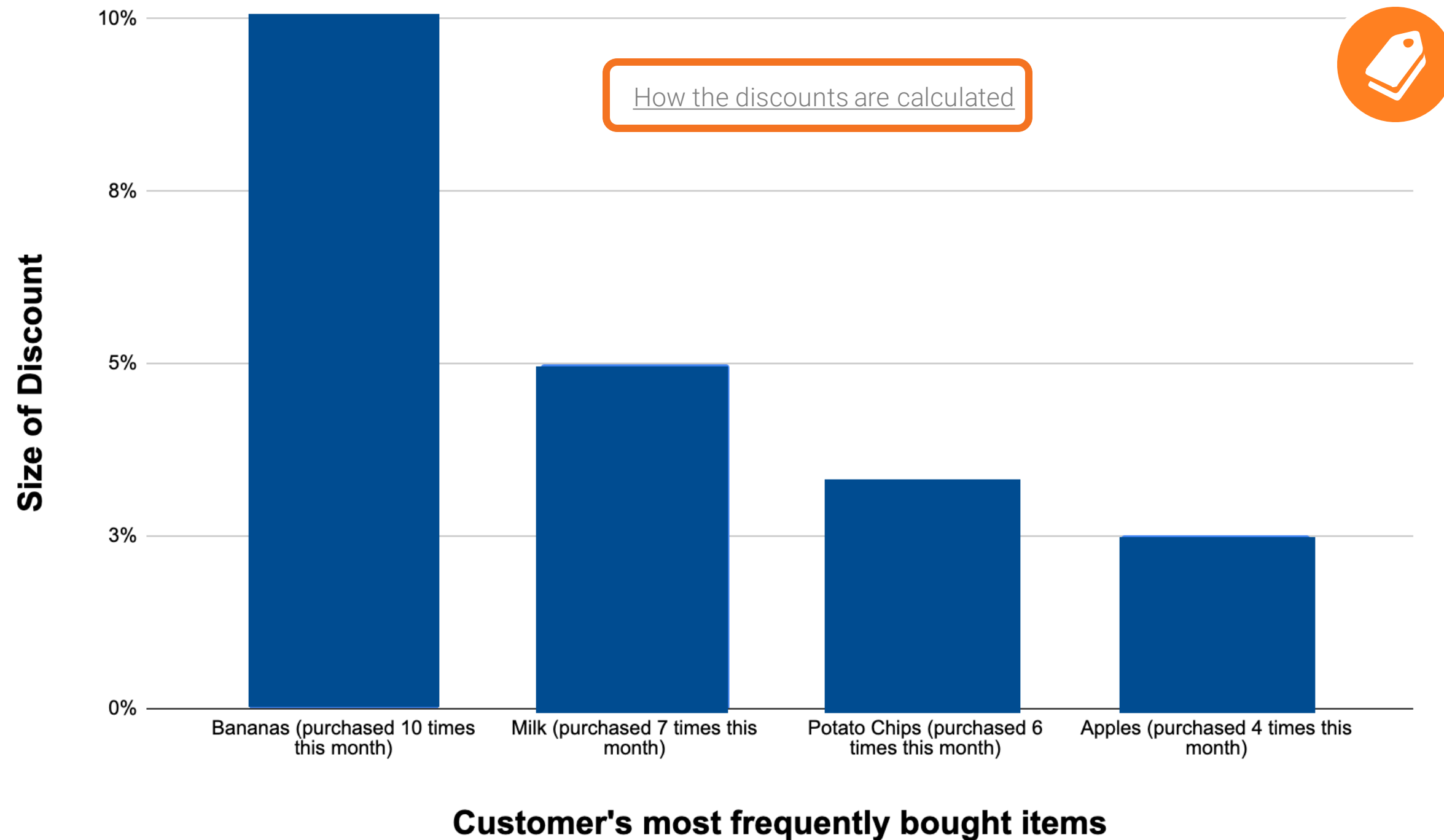


91% of consumers want to shop with brands that offer personalized offers & recommendations.

Now more than ever, consumers are looking for less expensive alternatives – and Walmart is **uniquely positioned to deliver** with their price sensitive brand image.

Personalized Pricing - Discounts

As customers frequent the store, their purchase history will be utilized to offer *seamless* discounts for their favorite products based on how often they buy the product. The most commonly bought items have the strongest discounts, and those who shop more at Walmart receive larger discounts.



Personalized Pricing - Product Recommendation

J.J Tyson
Journalist

" High quality product recommendations bolster your revenues, increase average order value, and improve the user experience (1). "

New products are recommended to the customer using the wealth of data of both their in-store and online purchases, with one time discount offers to entice exploration of different items.

Customers are also encouraged to try out new products, and are given one discount per store visit to buy a completely new item.

49% of U.S. shoppers said that in the past three months they bought a product they *did not initially intend to buy* after a brand made a personalized recommendation (2).



Channels to be Implemented In

As customers frequent the store, their purchase history will be utilized to offer **seamless discounts** for their favorite products based on how often they buy the product, automatically implemented and displayed throughout these different avenues.



AR

Customers will walk through the store, and AR glasses will display **discounted prices for their favorite products** – completely personalized.



Scan & Go

As customers scan products, their **discounts** will appear on their **phone screen**. Additionally, if customers want to find a discounted product, the app will **provide the location to the product**.



Checkout

Customers who want to check out traditionally can receive the **discounts** at the **checkout aisle**, which will be added **automatically**.

What Experts Are Saying



Emily

Director of Design & Engineering, Gap Inc.

"Having this **information** on customers would enable Walmart to **tailor** their merchandising plans to **better serve** the particular **customer's needs** in the store they frequent.. which could mean **better sell through**."



Wil Cuyco

Senior Director Global Design, Gap Inc.

"Your idea can **increase** existing **customer purchases** with an incentive to get more discounts... and the program can be a **great incentive** and invitation for **other customers** to become a **loyalty member**."

Impact of Personalized Pricing



Customers will be rewarded for buying more products, and as a result, Walmart's overall sales will increase significantly. The expenses of our solutions are manageable, leading to a large increase in profit. (1)

\$14 Billion in Profit

15 Million New Walmart+ Members

As a Walmart+ exclusive program, this will drive a large portion of price-sensitive customers to buy this service. We predict an increase of paid Walmart+ members. (2)

Implementation Plan

Perfecting a personalized pricing plan
across all departments

Implement in pilot stores/departments

This plan requires rigorous testing and tweaking. We will **initially roll out in the LA region**, as it is a competitive retail landscape, without being of upmost importance to Walmart.

Similarly, personalized pricing will vary for different departments. **The grocery department will be the pilot**, as groceries are Walmart's biggest department, and customers shop there the most frequently. Although the margins are smaller, the **increased traffic** makes up for it.

01

02

Partnerships

It is necessary that Walmart **gain an understanding** of how personalized discounts will affect their customers. The data companies *Voucherify* and *AgilOne* are well versed in **using customer data to create personalized offers**. Partnering with one of these companies will allow Walmart gain insight into how to leverage their customers effectively.

Analyzing Results & Tweaking System

We will monitor overall membership, and buying trends of Walmart+ customers. We want to make sure that customers are **buying more products** in general as a trend, but also maintaining a **wide variety of products**. This might mean changing how the discounts are distributed, or what customers must do to increase the size of their discounts.



03

04



Rolling out Across the US

While rolling out, we will **aggressively market** this new feature of Walmart+. This works best as a **publicity feature** as well. We will highlight personalized pricing as even more proof of Walmart's brand image of being **the best place to go to if customers are looking for low prices**.

FAQs

Answers to questions and curiosities you may have

[Case studies](#)

[Personalized Pricing \(details\)](#)

[Mock-Ups & Demos](#)

[All Impact Calculations](#)

[Partnerships](#)

[Detailed Implementation plans](#)

[Curated Sources](#)

[Interviews](#)

Thank you, Walmart!

Our team greatly appreciates the opportunity to create the store of 2030. You gave us the chance to imagine and build our visions of what the future of retail would look like for Walmart.



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