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# Retail Reconsidered

## Mirror, mirror on the wall – the changing nature of a trip to the shops

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**KL Stores: A case study series exploring innovation in retail**

# Retail reconsidered

## Part 5: Mirror, mirror on the wall – the changing nature of a trip to the shops

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For some time now there has been a buzz around exciting technologies for use in stores that feel fresh out of the year 3000. What's been less clear is whether these are just flashy new toys or whether they can substantially benefit retail businesses.

More recently, and more suddenly, there has been a seismic shift in the way we shop. Spurred on by the Covid-19 pandemic, online engagement has skyrocketed to a level that it was previously projected would take years to reach and shopping habits have changed accordingly.

With the undeniable shift in the role of the bricks and mortar store the question around these exciting technologies available to retailers is simple: can they increase the value of your store and your business as a whole?

In this article, we return to our KL Stores case study and a meeting between Andrew (the CEO) and Lena (the Chief Innovation Officer) to discuss how KL Stores can unlock potential from its physical stores utilising in store technology.

And back to the meeting room...

### 1. Magic Mirrors

**Andrew – I've heard a lot about these "magic mirrors" but not so much about how much value they add to a business. What are the benefits?**

Lena - There are two main features to magic mirrors. Firstly, that they augment your image in the mirror to show different outfits on you without you having to try them on and secondly, that they connect the user to further information. For example, if you're trying on a pair of trousers, the mirror can suggest shoes that go with the trousers and tell you if those are available in store or online. There are a few benefits here; including that these mirrors can free up space that would usually be needed for fitting rooms. Also, many mirrors are touch free, responding to hand gestures instead which minimises the risk of transmission of illness. Secondly, and maybe more significantly, the mirrors give the customer access to a wealth of information that they wouldn't usually even be able to get online. As well as information about matching items and availability, an assistant can be called and images can be taken and shared with friends for feedback. More advanced systems can even have functionality for calls.

**Andrew – Can we benefit from the data that the mirror can capture?**

Lena - There's a wealth of data that's currently untapped that could be gained from these mirrors. Much like with online shopping there will be information about items that a customer picked up and left which we currently have no way of identifying. Of course, any use of customer data would need to be in line with our legal and regulatory obligations as you previously discussed with Aneka, our Chief Data Officer.

## 2. Augmented reality

**Andrew – Presumably these mirrors are quite expensive. Is there an alternative way to get the same benefits?**

Lena – A hardware free option is to have an app. Augmented reality is becoming much more common in apps and users are becoming used to interacting with this technology. We could invest in an app with the functionality to show customers how certain clothes would sit on them in much the same way as the magic mirrors. If we did this we wouldn't even need a fitting room area in any form which would open up floor space and remove waiting time from the equation, instead users could aim their smartphone at either the item of clothing or a code on the tag. Additionally, we could make that app accessible to users outside of the store helping us align our online and in store experience. We would need to be considerate about how much other functionality we included in an app as customers will be interfacing with a much smaller screen than with the magic mirrors and it is important that the experience doesn't feel cluttered.

**Andrew – That's a great alternative and it sounds like the apps could do even more than that – what else can they do?**

Lena – For one thing, customers would have an account so we could really tailor the experience in the app for them so that they have a seamless experience on each visit to the KL Store and when visiting our online store. As well as giving them suggestions for items we think they would like we can create special experiences that bring the KL Store to life by creating an augmented reality environment that enhances the KL Store. For example, in winter, we could make it look like it's snowing in the store or show decorations celebrating the customer's birthday if they visit us on their birthday.

## 3. Self - checkouts

**Andrew – That's a really exciting prospect that completely changes the in store experience. Are there any technologies that can make the in store experience more efficient than it currently is?**

Lena – A great option is self-checkouts. These have been received really well in supermarkets and now some fashion stores are picking up on them. They can open up staff to other tasks that give customers the best in store experience and significantly reduce queues. Younger shoppers in particular have taken to self-checkouts. If we want to be even more forward thinking we should consider mobile checkout enabling shoppers to buy items as they walk around the store. Another thing to consider is how we take payments. We've been using contactless technology for a long time now and we should make sure that that includes mobile payments. Contactless payment is the most efficient and also, most hygienic, payment method.

## 4. Serialised inventory

**Andrew - One of the biggest time eaters is inventory; it's also one of the biggest constraints of a physical store. Is there any technology that can help us with that?**

Lena – RFID, or radio frequency identification, technology can help with this. Fitting out products with RFID tags does involve a cost and man-hours but it's an investment that can really pay off. RFID tagging is what enables the magic mirrors to work. It also enables a lot of other processes to work more seamlessly, like sales. Customers using an app wouldn't need to look for the tag they could just let their phone recognise the tag. Another benefit is theft protection as alarms can be configured to recognise when products pass detectors. However, the main benefit is in inventory.

With RFID, we could sell any item in stock, whether in a store room or a store. Stock can also be allocated based on geography so if a customer wants a pair of trousers that are in stock in Birmingham and in London and the customer is based in London, the stock in London would be prioritised for this customer reducing the distance the product has to travel to reach the customer. This is cost effective and minimises our carbon footprint. Another benefit is that robots can be used to roam stores to count inventory saving the time that staff would usually spend doing this. The cost of implementation of this technology has also decreased in recent years making it a more attractive prospect.

## 5. What is the purpose of the store?

**Andrew – Footfall to stores was down before coronavirus, is there anything we can do about that?**

Lena – At KL Store we should consider what we want from our store. You talked with Emma, our Chief Financial Officer, about the fact that consumers still like bricks and mortar stores because they allow them to touch, feel and try on products. Stores offer a unique experience which we should be capitalising on by trying to make our store a must visit venue. One way to do this is to flip the concept of online only offers by offering in store only products and experiences. We should also capitalise on our knowledgeable staff and the customer relationships that they have. It is our people and the feel that people get when coming to our store that builds brand loyalty which is key to return custom.

One use of the store that should not be overlooked is the store as a storage and collection point. Our omni-channel offering should enable our customers to order online and pick up in store or kerbside. Not only does this drive people into our stores, it meets a demand that existed pre-pandemic that has only increased as a result of the pandemic. We could consider reducing the amount of floor-space in store which is given over to retail while expanding local storage into that space. This would mean that as we increase “click and collect” we could reduce our availability times for products by having more inventory locally stored rather than in our central warehouse. This would then let us consider enhancing an offering where our customers can ‘order today – wear tonight’. Using our stores for “click and collect” means they can still be valuable even in times where shops are required to be shut. In store collection also reduces the distance our products have to travel helping minimise our carbon footprint which is something that our customers are increasingly considerate of. If we are to use the KL Store for collection it will be even more important to free up staff capacity and floor space in the ways we have spoken about today because collection does require staff and storage space.

## 6. Covid

**Andrew – It seems like a lot of the technology that we’ve discussed can also help keep our store safe. Is there anything else that we should be thinking about in this “new world”.**

Lena – When implementing these technologies in our stores we should consider how they can benefit the KL Store across all channels. If we’re using digital fitting rooms for customers accessing our store remotely we should tailor those fitting rooms to match our in store fitting rooms so that customers have a consistent experience across all channels. If we do manage to free up staff with some of this technology we should make the most of their knowledge and customer relationships. If their employment contracts permit, we might want to consider offering customers remote consultations with our store staff utilising functionality like AR fitting. In store staff

would also be the perfect candidates to feature in product videos as they represent our brand and know our customers like no one else. We can tailor customer's channels so that they primarily see local staff and so their online experience reflects their local store.

## Conclusion

When investing in technology for our stores we should look at the omni-channel experience and make sure to invest in technologies that will pay dividends in all areas. Not only is that cost-effective but it consolidates our brand and gives our customers a seamless experience. This technology gives us the opportunity to understand our customer better than ever before.

## Your key contacts



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