Top 5 Retail Challenges Driving Edge Technology Investments— Survey Results

Modernizing retail infrastructure and applications

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When retail IT leaders go technology shopping

Looking ahead to a changing retail environment, IT leaders are balancing technology investments with the need to meet rapidly evolving consumer expectations, drive growth and deliver bottom line results. At the end of 2022, Coresight Research surveyed 200 U.S.-based IT decision makers at retail companies to understand how in-store technology investments are expected to impact—and fundamentally change—business.

The results demonstrate a positive outlook on IT spending, as well as the near- and long-term adoption of leading edge technologies. At the same time, respondents also cited the need to increase flexibility and performance, and identified the deployment of additional computing power nearer to physical stores, in concert with the computing power available in public clouds, as a way to achieve this goal.
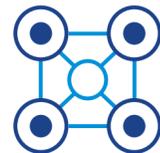
In addition to finding that retailers recognize the potential for technologies to address a broad range of operational areas, the survey revealed five key business areas that are impacting retailers' revenues:

| Security and safety | Business insights | Operational efficiency | Associate empowerment | Customer engagement |

As survey results show, IT leaders are investing in in-store technology that can secure the business, drive gains in efficiency, improve financial flexibility and create competitive advantages.

68%
of retailers plan to increase spending on in-store technology over the next three years, predominantly focusing on edge computing, according to survey results.

Coresight Research, 2022

Security and safety: The most pressing area impacting retailer revenue

Retailers are feeling the pressures from a growing number of potential threats and challenges. These include an increase in cybersecurity breaches leading to the loss or exposure of sensitive customer data, a rise in checkout terminal fraud and concerns arising from the activities of organized retail crime and its effect on associates' safety. Omnichannel expansion also has increased opportunities for cybercriminals to exploit potential points of weakness in networks in order to gain access to valuable data and information.

VMware understands that data and asset protection have become priorities in avoiding damage to a retailer's brand and reputation while also preserving customer and associate trust. That's why VMware's retail solutions safeguard consumer data and protect against cyberattacks—from the data center to cloud to edge—while supporting store operations, such as in-store sensors and cameras, to help reduce malicious activity.

"Retail is a very high threat, high target industry. By standardizing everything and giving us great visibility, the VMware Carbon Black team and their tools have been super helpful in defending against that."

Suzanne Hall, Global CISO and VP of Technology Infrastructure, Circle K

21% of respondents indicated enterprise data security is the number one challenge; it is perceived to have the biggest impact on revenue.

Coresight Research, 2022

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Business insights:
Supply chain challenges
and inflation remain
revenue-generating obstacles

The lingering effects of the pandemic, coupled with inflation and global conflict, continue to pose supply chain bottlenecks and inventory-level challenges for retailers. Inflation has made it difficult for retailers to optimize prices, which affects revenue. It's no surprise that the required response time to leverage insights gained from business intelligence and analytical functions has become shorter as retailers demand data in real time.

VMware Cross Cloud services support the reality of today's retail operations. By standardizing how retail infrastructure is built, operated, accessed and secured on any cloud, retailers can choose the best cloud for every application to accelerate innovation while optimizing inventory and omnichannel fulfillment.

Nearly half

of all survey respondents ranked supply chain visibility/management as one of the top three components impacting net revenue in the business insights subcategories.

Coresight Research, 2022

Operational efficiency: Retailers require increased visibility into operations management

Today, retailers need to adapt to fast-changing consumer expectations, improve omnichannel retail experiences and accelerate time to market. From POS downtime to a slow and frustrating online experience, retailers are vulnerable to events that can lead to lost revenue, customer migration and brand defection. Survey respondents cited increased visibility into online and brick and mortar operations as vital to their ability to respond quickly to issues that can affect store operations and the customer experience.

VMware Aria enables retailers to unify applications, infrastructure and services across private, hybrid and public clouds in a single cloud management platform with a common data mode. Aria empowers retailers to improve delivery speed, optimize performance, control costs and reduce risks.

"There's a reason we adopted vSphere years ago—the reliability of the platform is unmatched. With vROPs, I am able to see the complete status of my data center while my team uses it for troubleshooting and capacity planning."

Srinivas, Head — IT, Himalaya Wellness

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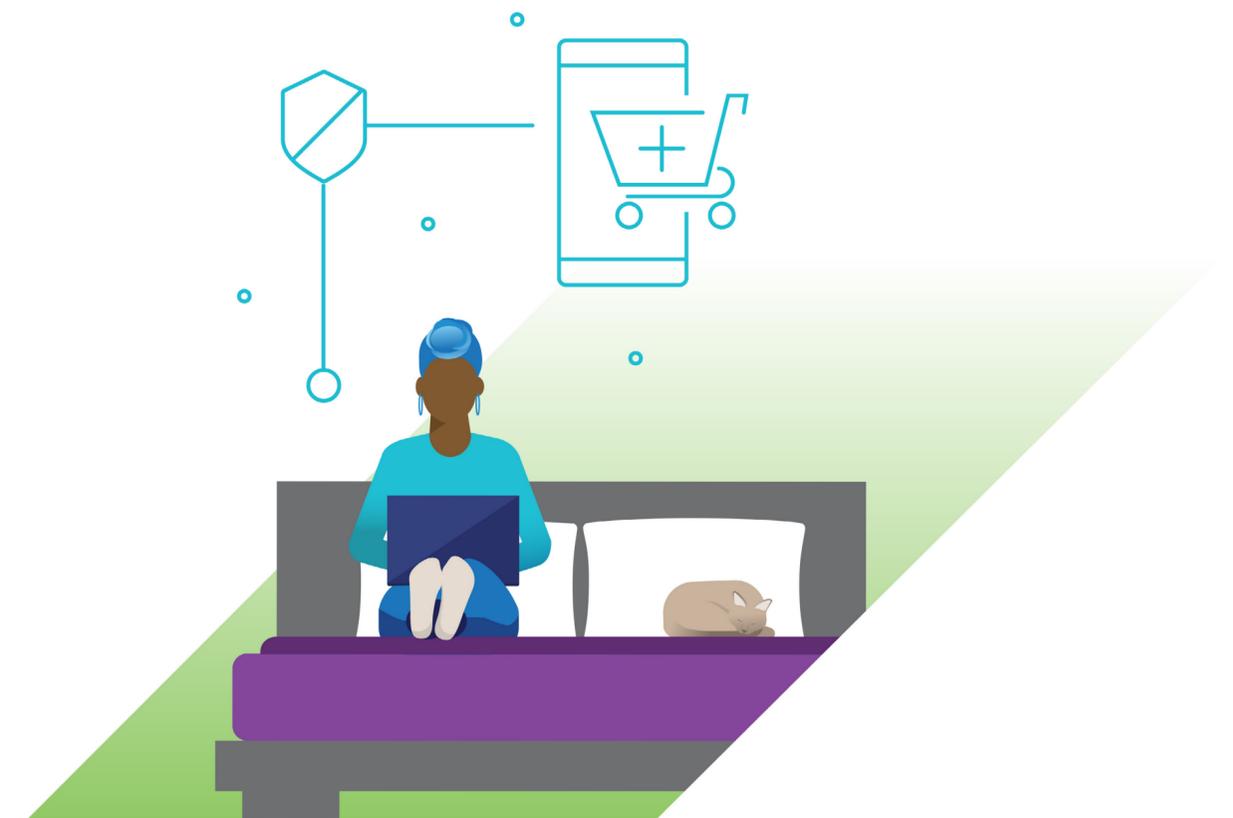
Associate empowerment: Equipping staff to serve customer needs drives revenue

In the category of Associate Empowerment, survey respondents cited customer service as having the biggest impact on revenue. It's notable that this reflects the idea that employees can gain a better understanding of customer needs and, therefore, deliver a higher level of service and satisfaction by leveraging edge-enabled devices to empower and support the performance of various roles.

VMware empowers store associates to deliver more convenient, personalized and efficient in-store experiences by providing seamless access to customer information and corporate applications. With VMware Workspace ONE®, retail employees can access company resources from any device easily and securely to deliver a customer-centric experience.

Empowering employees to meet customer needs is significant to driving revenue.

Coresight Research, 2023

"Freedom of device selection, and employees' decision to use the device they want, was important. Thanks to VMware Workspace ONE, we can make all the devices chosen by users easy to access company resources and manageable."

Omer Lutfi Karagoz, Network Communication and Information Security Group Manager, MIGROS
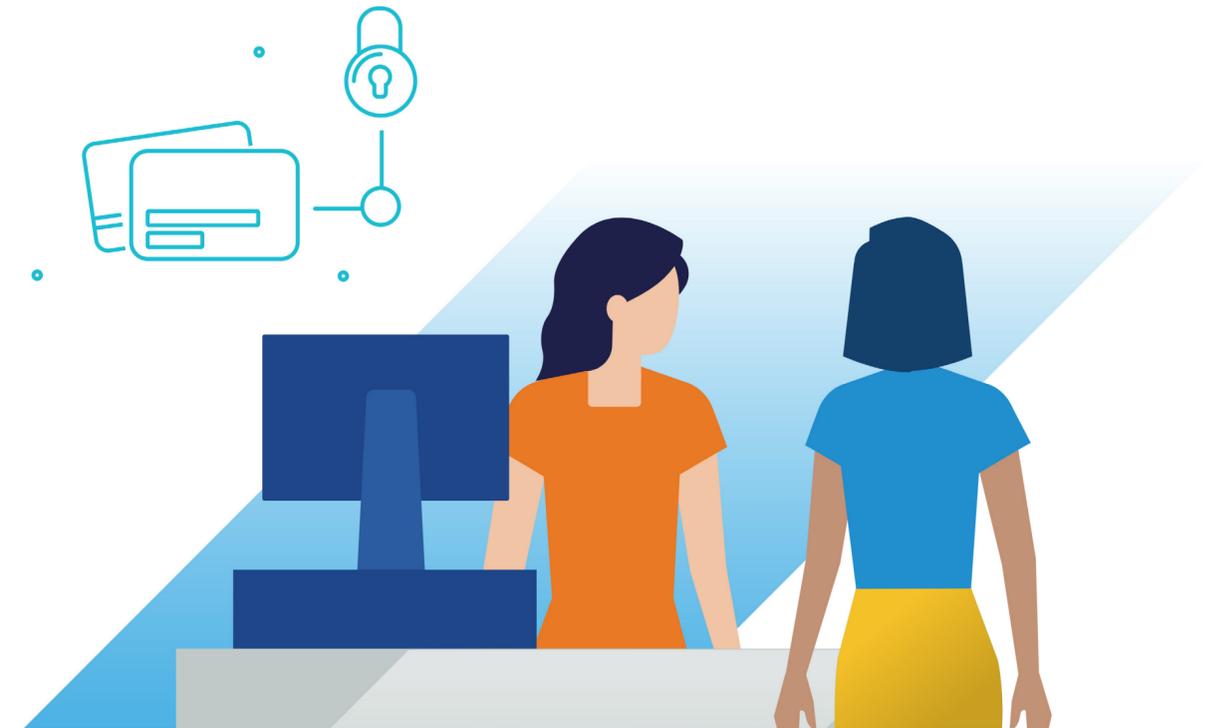
Customer engagement: Retailers want to invest in online and offline integration

When it comes to customer engagement, survey respondents indicated that online and offline integration have the biggest impact on revenue, particularly app integration and BOPIS (buy online, pick up in-store). Several technologies, such as infotainment terminals, reality technologies and contactless kiosks, are being driven by shoppers' desire for an immersive retail experience and more in-store digitalization features. These offerings, as well as latency-sensitive applications such as in-store signage and entertainment and augmented/virtual reality, require edge computing power and continuous availability.

VMware Tanzu enables retailers to deliver consistent, seamless self-service, buy in-store, buy online and pick-up-in-store experiences. Retailers can deliver an integrated customer experience utilizing the edge to identify customer preferences, create a differentiated shopping experience and add value along the customer journey.

"We're shipping features every single day. We've got more than 30 product teams that are all working independently from one another, and we've expanded outside of e-commerce. We've now moved into stores, technology, marketing, merchandising, supply chain and logistics as well."

Erika Green, Director of Technology Product Management, DICK'S Sporting Goods

Online return kiosks and contactless payment options ranked among the top three most popular in-store technologies among U.S. consumers.

Coresight Research, 2022

VMware: Giving retailers a competitive advantage

Ready to empower your retail organization to create breakthrough omnichannel customer experiences, drive growth and deliver bottom line results?

Discover how to modernize your retail infrastructure and application investments with VMware.

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Get expert training on network virtualization

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