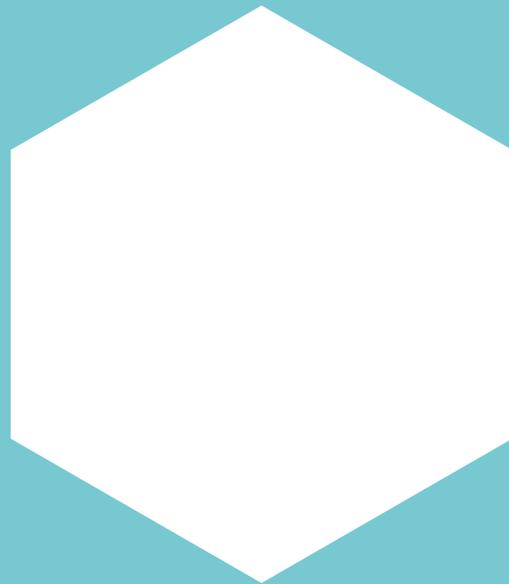


*Insight Report*

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**THINK.**  
**EAT.**  
**SPEND.**  
*2023/24*





# Retail tech trail

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Linney futurologists, data analysts and retail psychologists are on a restless quest to understand how we live today. It's helping us predict how we'll **THINK**, **SPEND** and **EAT** tomorrow.

**In this report, we focus on how human interaction and technical innovation are uniting to reinvent retail, deliver rewarding consumer experiences and enhance brand loyalty.**

We explore the emergence and importance of artificial intelligence – and the impact it will have on the consumer landscape. And we reflect on the value of the human touch in a world of apps, bots and automation.

Discover insights unearthed and curated by humans with authentic intelligence as we reveal the 'What' and, more significantly, the 'So what' behind the rise of the robots.

Then check out our other publications exploring what's new and what's next in how we **EAT** and **SPEND**.



# AUTOMATION VS AUTHENTICITY



## Encounter culture

How we use products and services is being transformed by innovative technologies with the power to elevate the self-service experience for customers and deliver advanced insights into consumer behaviour.

It's also enhancing efficiencies for sales and service workers. But, the role these employees play on the customer journey isn't keeping pace with the evolution of automation. And it's creating tension between a brand's demand for profitability through agility and a consumer's desire for genuine, fulfilling 'human' interactions.

We all know digital technology can provide personalised customer encounters at scale – and in a way that’s economically viable.

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### And yet...

Poorly designed digital systems and channels can leave customers feeling frustrated and confused. From chatbots that fail to understand or properly register what the customer’s saying, to automated systems that demand they reenter details – neglecting the human perspective can lead to a negative impact on the customer experience.

We expect to be treated with respect, flexibility and empathy (as humans). And we want our feelings to be acknowledged and acted on. Technology’s great at driving scale, efficiency and functionality. But it can’t make intuitive decisions based on desires, needs and feelings.

In the rush towards digital, there’s a risk of organisations becoming obsessed with the latest bright and shiny thing or simply following the trends. Thus, we can fall into the trap of designing systems and processes around the capabilities of the technology at our disposal without giving meaningful consideration as to the impact it can have on the customer experience and the associated affinity it can bring to a brand.

**So let’s get to the heart of this digital dilemma.** We’ll ask: where in the customer experience can digital be most effectively deployed?



# CONTENTS

## WELCOME TO THINK. 2023/24

A LINNEY LENS ON THE CHANGING  
WORLD OF CUSTOMER EXPERIENCE.

We'll explore where human-to-human interactions fit into our evolving digital world. And we'll discover the impact digital is having on the customer experience, brand connection and society.

## 08

THOUGHT STARTER

### DIGITAL DYNASTIES

Thought starter: App-y families, unsocial media and the tech tsunami.

## 14

CHAPTER 1

### DIGITAL DOWNLOAD

Reflections on the recent history of the high street, the emergence of ecommerce and the rise of the robots.

## 18

CHAPTER 2

### WHEN EVERYTHING CLICKED

Charting the history and predicting the future of the World Wide Web.



## LINNEY DISCOVERIES

---

# 28

CHAPTER 3

### HUMAN vs MACHINE

Can a barista still make a better coffee than a machine?

# 34

CHAPTER 4

### THE HUMAN TOUCH IN THE AI AGE

How do we find the right balance between artificial and emotional intelligence?

# 38

CHAPTER 5

### THE ART OF ARTIFICIAL INTELLIGENCE

Artificial intelligence has come a long way since the concept was initially proposed in 1943.



# 44

CHAPTER 6

### RISE OF THE HIGH- STREET ROBOTS

What does the infiltration of automation mean for customers and staff?

# 48

CHAPTER 7

### THE BRICKS AND CLICKS MIX

Walk-in stores with tech flourishes are creating vibrant environments.

# 52

CHAPTER 8

### TAKEAWAY MENU

We condense these findings into key opportunities.



*Thought Starter*

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# DIGITAL DYNASTIES

*App-y families, unsocial media  
and the tech tsunami.*

**We're living through a digital era that's radically  
reshaping the way we relate to one another.**

Although today's technology is still introduced into the home by parents, their ability to control access to it is profoundly different from more historical innovations such as the radio and TV – it is much more portable, and it is everywhere.

This creates an early and unhelpful situation that leaves parents feeling both responsible and powerless.

This is an existential concern that individuals, businesses, governments and other international institutions must grapple with – and answer – when designing digital experiences.

# Parental reactions to technology

Although the way families interact with technology varies significantly, there are three common digital reactions to it.

1.

## Embracing tech

Families seek out technology for their children to ease the pressures of family life or to exercise academic potential. These families place themselves ahead of the curve, but this makes them more exposed as there are fewer norms and accepted behaviours to rely on.

2.

## Balancing tech

These families hedge their bets on technology on an ad hoc, inconsistent basis, weighing each digital touchpoint in terms of current risks and future impact. This is not straightforward, but effortful, and prompts constant questioning: “Am I getting it right? Is this new tech OK?”

3.

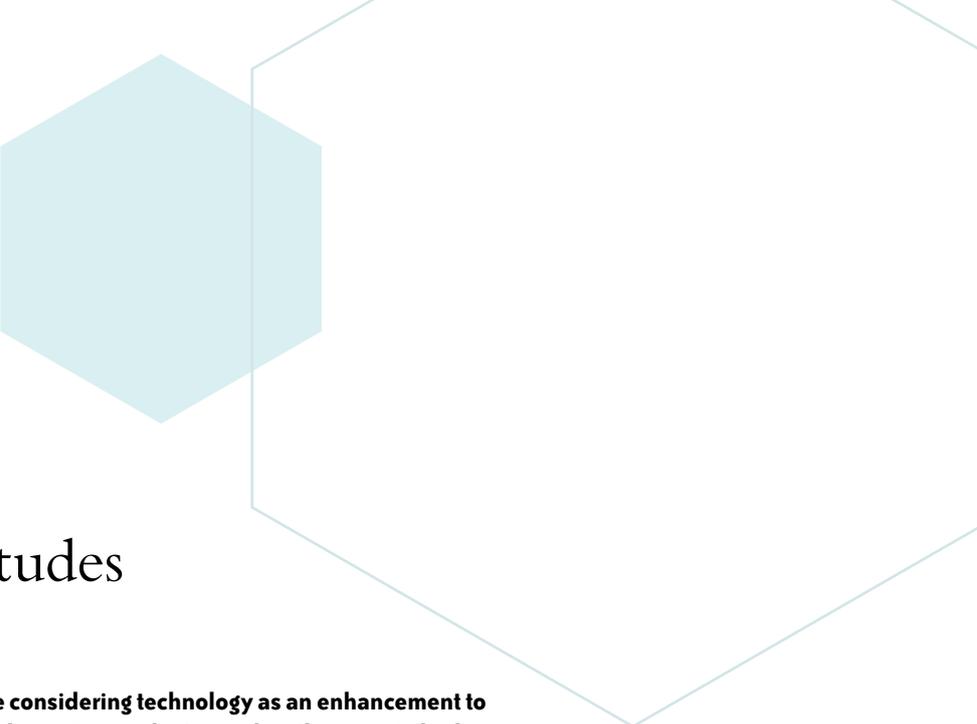
## Resisting tech

Resistant families describe trying to stem the unstoppable incursion of technology into everyday life. This, though, causes worry that they might be missing out professionally and personally and risks alienating their children. This position tends to be value driven, with a desire to reduce the impact of commercialism which they see as the driving force of technology.

The current approaches to tech use can differ between family members, by child or even by time of day. It's why technology causes so much friction among modern families. But these parenting approaches aren't class-based and are as often found in low-middle-income households as high.

This means technology's relationship with the family dynamic is ubiquitous and a challenge for us all.





## Changing attitudes

---

**Today, more and more families are considering technology as an enhancement to their daily lives – checking emails, browsing products, reading the news in bed, cuddling with kids around an iPad – rather than an other-worldly entity.**

This is, of course, its strength and weakness. Tech ‘hides’ in plain sight, making it ever harder for users to distinguish between offline and online experiences.

The idea of ‘policing’ the use of technology is losing ground as a parenting approach both because it’s difficult to implement and because it negatively reinforces an unknowable ‘damage’ on those using the technology.

**FAMILY CONVERSATIONS NOW FOCUS ON A MORE DEMOCRATIC CONCEPT OF DIGITAL USE, TALKING ABOUT IT AS A COMMUNAL, INTERACTIVE ‘GOOD’.**

The blunt idea of capping time on a device is similarly changing, as both an antiquated way of judging harm and a difficult policy to impose as technology becomes less distinct from other day-to-day activities.

Despite this more positive and nuanced tone, the ‘tsunami of tech’ is still a challenge for parents to deal with. It asks that all actors in the digital space help families change the way they see technology, emphasising its role as an enabler and not a battle to be won or lost.

# Call of duty

**A brand's role in the technological mix is important, especially if the business's strategy is to exploit digital technology to expand the ways it serves customers.**

Digital behaviours are so commonplace that parents themselves don't know how often they break their own rules, or how their digital way of life impacts their children.

The responsibility falls to businesses operating in these digital ecosystems because, unlike general parenting support, there's almost nowhere parents can turn for help with digital challenges. Therefore brands on the front line of tech are a source of support and responsibility.

And because brands attempt to create desired behaviours of their own, parents conscious of this will demand that brands own up to the impact their influence may have on them and those around them.

## THERE ARE WAYS TO MAXIMISE DIGITAL TECHNOLOGY'S BENEFITS AND DOWNPLAY ITS HARMS

### Maximising benefits

#### Future skills

How can tech play to new and evolving ways of communicating and dealing with the world?

#### Creativity

Can tech develop a user's creativity and personal expression?

#### Confidence

Tech should guide and support users, so they feel in control and knowledgeable.

### Minimising harms

#### Social skills

How can tech support collaboration and interaction between users?

#### Exploitation

Safety and control of data remain paramount in an environment of rising digital fraud and entrapment.

#### Social isolation

Digital needs to get the user 'out' as well as play to the convenience of staying 'in'.

## John Lewis – internet safety training

**John Lewis, a brand that one might not associate with a digital responsibility, has recently stepped up to the challenge.**

The customer director at John Lewis expressed that it is striving to help children safely and confidently navigate their first steps into the digital world. It has partnered with Internet Matters to equip partners across all stores to be experts in family technology safety, so that they can assist customers on the shop floor.





# Considerations

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## **A new concern?**

There's still an unresolved debate for many families: is technology harmful or beneficial? The fact that the question remains unanswered is itself a concern.

## **A helping hand**

Parents in particular feel adrift with a whole series of questions and concerns that, in the absence of anyone else, they turn to the brand employing this tech to address.

## **The future's bright**

Tech offers an exciting opportunity for families and their children. And the future possibilities still excite users. If harnessed well, this can create a powerful halo effect for brands.

## *Chapter 1*

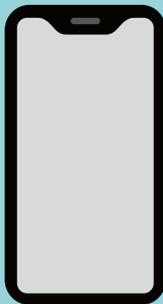
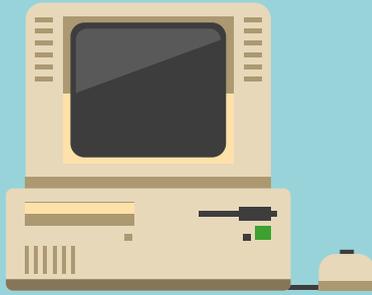
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# DIGITAL DOWNLOAD

*Reflections on the recent history of the high street, the emergence of ecommerce and the rise of the robots.*







# The evolution of digitalisation

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**As technology evolves, so does our need to better understand how humans respond to the innovation around us.**

Human Computer Interaction used to be just that – understanding how we interact with computers. Out of a need, the field of HCI has now expanded to include all forms of technology and has developed into ‘a rich and high-impact worldwide phenomenon... with potent impact on the daily lives of every human’\*

In 2010, just 36% of companies competed solely based on customer experience. By 2018, Gartner was recording that this figure had increased to 89%. We can presume it’s higher now, highlighting the importance of getting digital integration right. If it’s wrong for the customer, you can be sure that another brand will be working on getting it right.

*“If digitization is a conversion of data and processes, digitalization is a transformation. More than just making existing data digital, digitalization embraces the ability of digital technology to collect data, establish trends and make better business decisions.”*

**TruQC**

\*The Human Computer Interaction Handbook, Julie A. Jacko, PhD, third edition.

# Fortune teller

---

**One of the earliest and most significant customer-facing introductions of digitised service was the automated teller machine (ATM). It was born out of increased unionisation and rising labour costs.**

It made its mark in the UK in 1967, signalling the start of the contemporary digital bank. Its introduction raised questions about security, privacy, customer loyalty, ease of use, efficiency, reliability, convenience and responsiveness – all considerations for every digitisation of a service today.

It's interesting to reflect on the disruption the ATM caused in its infancy. Today, the majority of bank services are available online, via a mobile app or through some form of a machine in a branch.

Research in Australia suggests the physical bank is losing its value altogether and customers would be more satisfied with a digital equivalent where they are more in control and able to swap providers.

Digitisation of banking is a great example of how our behaviours and attitudes can change what is normal.





## *Chapter 2*

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# WHEN EVERYTHING CLICKED

*Charting the history and predicting the future of the World Wide Web – from its humble text-based origins to today’s interactive iteration and tomorrow’s world of immersive experiences.*



# Untangling the web

---

**The World Wide Web has evolved dramatically since its release to the public in 1991. It was initiated as a response to a need for automated information-sharing between scientists in universities and institutions across the globe.**

Web 1.0, the first evolution of the web, was predominantly text-based and static, and only permitted consumers to consume – a passive experience.

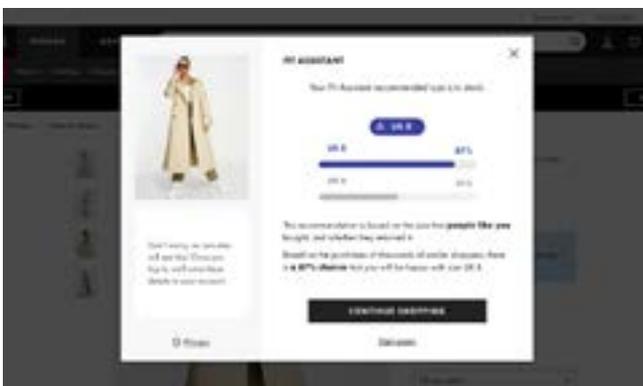
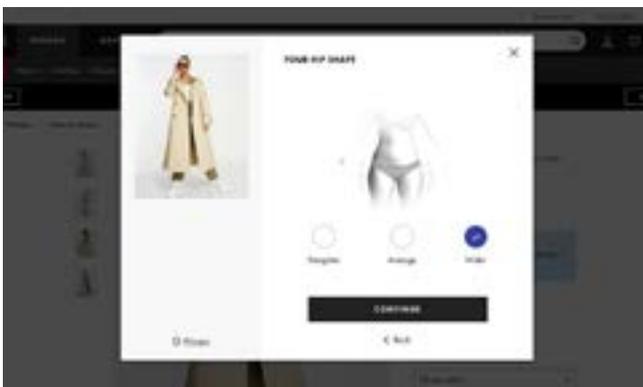
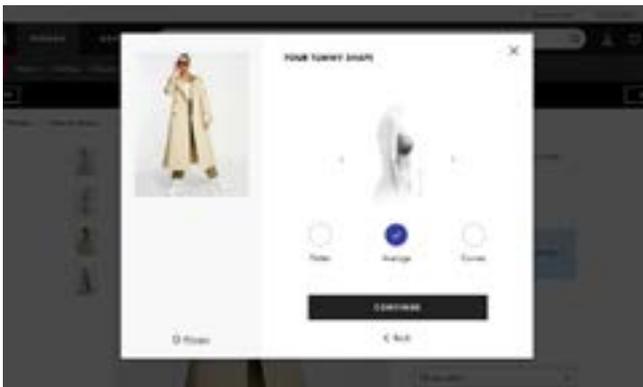
Web 2.0, the version we all know today, then made the leap to a more participatory experience, with users interacting with the content presented to them.

To customers, this translated into them being able to view, use and purchase services, experiences and products online. In recent years, significant effort has been put into the provision of a more customised and real-life experience on the web (see examples on right).

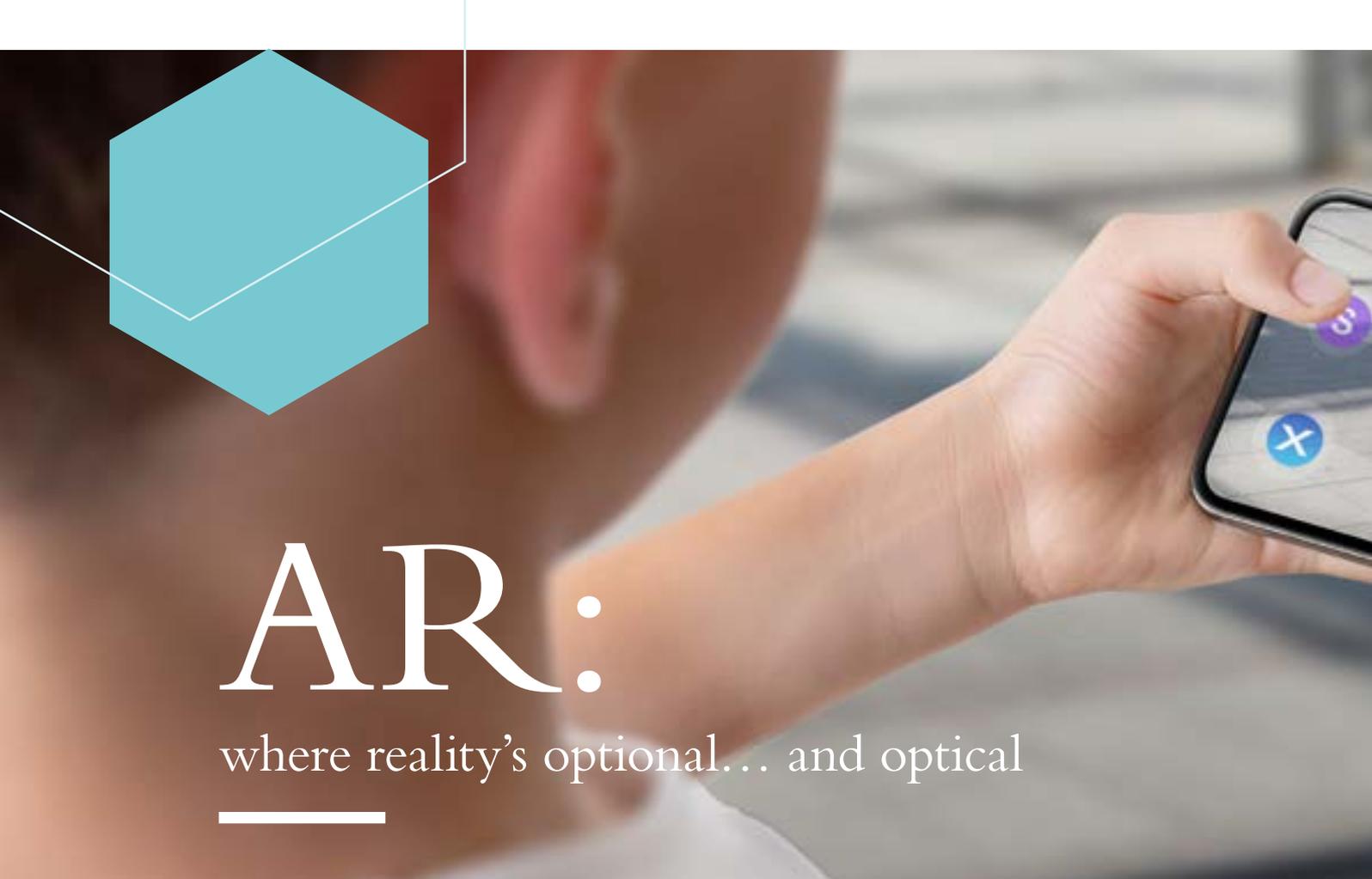
The web continues to evolve with advancements in AI and other technologies (such as AR and VR). The next iteration of the web is likely to be one where the experience is ever more seamless and immersive. The gap between online and in-person is tightening and in some instances overlapping, which should provoke us to discover how, when and if these paths should cross.



**WITH VARYING DEGREES OF SUCCESS, FORWARD-THINKING BRANDS ARE CONTINUING TO USE INNOVATIVE TECHNIQUES TO BRIDGE THE GAP BETWEEN IN-STORE AND ONLINE.**



- ASOS continues to digitise the in-person experience for its online customers. Certain retailers enable you to select a more representative model to showcase the items you're reviewing. ASOS builds on this concept by quizzing you to help you understand which size would be most appropriate for you.
- Bravissimo now offers video call fittings and other alternative ways of making contact. By no means revolutionary, the offer acknowledges the value its customer team provides in-store and opens up this in-person experience to those online.



# AR:

where reality's optional... and optical

---

**Augmented reality (AR) is another technology generating plenty of hype and beginning to increase in prominence – with the potential for a far-reaching transformative impact.**

We currently see the value of AR in scenarios where one is striving to understand space in a 3D environment. Examples of this can be found in the world of architecture and interior design, where the likes of IKEA have been using technology for a number of years to provide a near-tangible experience for their customers.

**ACCORDING TO  
ENTREPRENEUR.COM,  
THE VALUE OF THE  
GLOBAL EYEWEAR  
MARKET WILL REACH  
US\$210.8 BILLION BY 2025.**

This future reality, where customers access the information they need themselves, begs the question: what are the implications for customer service roles in retail?

### **Presenting a compelling augment**

This tech's still in its infancy and can feel clunky. But the benefits, while negligible at the moment for the general public in many contexts, are potentially great. Indeed, in time, AR glasses are likely to be more accessible, enabling consumers in physical retail environments to be offered an extension of reality.

Augmented reality's greatest limitation is that missing tactile element. Currently there's little on the horizon in terms of touch being incorporated into the AR experience, whereby you can feel the softness of fabric or the sturdiness of an item. We know that in physical experiences, touch can increase the perception of ownership, potentially increasing sales. Thus, the incorporation of this into AR is where we might start seeing greater value in digital versions of the products we experience.



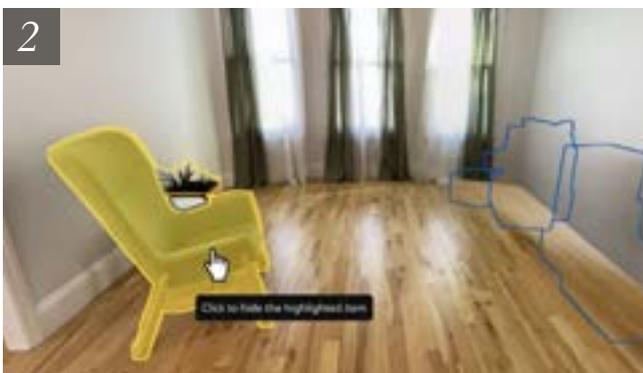
Although promising, Vaidyanathan et al say the research indicates that AR services in the context of retail are not meeting the expectations of the customer experience just now. But conversely, also say that, generally, AR provides a positive association with brands as it can offer a degree of novelty.



AR has been in clothing stores for a number of years. It is in these physical spaces that the technology is a little more evolved than online and can facilitate a more social experience that is entertaining and generates social interactions.

Tommy Hilfiger (1) is one of the most recent to install an AR mirror. Customers will appear on the screen wearing the items of clothing they select. The brand says this will provide ‘an exciting new channel for engagement beyond the traditional scope of retail’.

According to Tommy Hilfiger, the test projects ‘have demonstrated that more engaging and personalised experiences are proven to be more attractive to younger consumers’ and had led to an increase of up to 60% in try-ons and foot traffic.



In addition to the 3D modelling software in stores, IKEA (2) provides its customers with an AR app. This app has been around for a while, but IKEA continues to evolve it as technology advances. The most recent update enables you to scan a room, remove existing furniture from the 3D model and introduce IKEA furnishings ahead of making a purchase online – handy!

# Thinking outside the bots

**Increased digitalisation of online services has been removing human components from the conversation for the past decade. Human-based interactions are now being supported, and even replaced, by tools such as AI and voice assistants.**

And this is only the beginning. In 2020, Business Insider reported that the chatbot market is predicted to grow at a rate of 29.7% per year.

So, with the prospect of more accurate targeting and AI gaining in capabilities and human-like characteristics, it's no wonder businesses are investing in these assistant technologies.

Beauty brands, such as Sephora (1) and L'Oréal (2), are adopting AI, combined with AR, to produce virtual artists. Through a mobile application, customers are now able to superimpose beauty products onto their faces. Using the mobile device's camera, the AI element deciphers which shade would be most suitable and then makes recommendations.



Brands such as Lyft and Pizza Hut (3) are channelling AI into their chat service, which is powered by social media platforms. Through that chat function, you can place orders and do much more. The bot couples your request with whatever other data it has about you to provide a human-like customer service solution.

However, these interactions are yet to meet expectations. A Facebook report suggests that 70% of users believed their interaction with a chatbot was a failure. This matches the percentage of customers Sitel Group recorded in its 2018 Index Report who would have preferred to talk to a human customer service representative instead of a digital alternative.

AI is growing exponentially, and its applications could be endless. But that is not to say that it should be applied to every touchpoint or product. As we have briefly seen with customer service bots, they aren't currently in a place where they need to be; machines have a long way to go to surpass a fellow human's ability to provide support.

Therefore companies still need to consider where human-to human interaction is needed to ensure they continue to provide great quality customer support.

2



3





*A Facebook report suggests that 70% of users believed their interaction with a chatbot was a failure.*



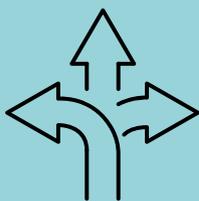
**WITH THE EXCEPTION OF BASIC INQUIRIES, RESEARCH OVER THE YEARS HIGHLIGHTS SOME OF THE CHALLENGES HUMANS EXPERIENCE WITH NON-HUMAN INTERACTIONS (AMEEN ET AL, 2021; WALSH, 2018):**



Lack of human interaction



Loss of privacy



Loss of control



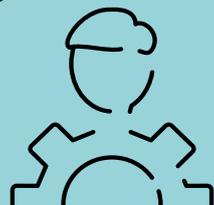
Time consumption



Irritation



Not feeling capable of using the service



Lack of emotion



**The same academics that found these challenges on the left also identified in a separate study (2020) that customers are willing to make sacrifices if AI-enabled services are personalised and provide a high-quality service.**

While convenience is a significant positive of AI-enabled services, it's important to remember that:

*“Convenience alone is not sufficient to overcome the significance of sacrifices customers feel they have to make in order to use a service.”*

**Ameen et al, 2021**

So, where AI-powered services prevail, easy access to a human is recommended to maintain that quality of service in case of a technological failure.

#### **A note of caution...**

The use of interactive voice assistants and AI enables customers to have instant access to the information they need, and so potentially bypass certain marketing touchpoints or sales techniques that brands and retailers typically implement on their target consumers.



*Chapter 3*

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HUMAN  
VS  
MACHINE

Can a barista still make a **better coffee than a machine**? And **how much of an impact** can that human have on an experience we have become so familiar with?



# Wake up and tell the coffee

---

## Setting the scene

Around 98 million cups of coffee are drunk in the UK each day. That's two to three cups for every adult. It's the first thing many of us think about in the morning and some of us can barely function until we've had our opening caffeine kick.

But does who made this coffee matter? Is there a difference between a human-made brew and a machine-made cuppa? And can people tell the difference? Or do they just think they can?

## Why does this matter?

It can take from a few months to a year to become a fully trained barista – depending on the job requirements and professionalism demanded.

A successful barista can not only make a wide range of coffees, they must also be knowledgeable about everything that goes into producing a cup, provide comments and recommendations for customers, and be competent operating the various pieces of machinery found behind the counter. And, alongside all this, they need to be a sales rep and PR officer by providing service with a smile. However, like so many other industries, some automation is inevitable.

Baristas might be finding their position under ever-increasing threat from the advance in self-service coffee machines that substitute human craft and artistry for convenience and consistency.

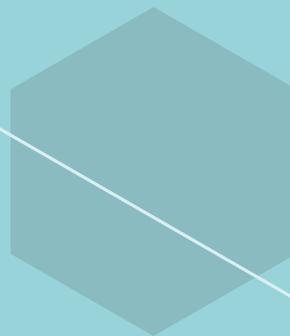




While a machine can't engage you in conversation about the weather, it can provide you with a speedy, accurate order whenever and wherever you want it.

Costa's latest express machine, the Marlow, was released in 2022 and is able to serve 500 different hot and iced drinks.

Costa states: "Consumers who desire a premium Costa Coffee on the go can enjoy the ultimate in barista-quality self-serve convenience."



# WE SET OUT TO EXPLORE THE PERCEPTION OF COFFEE, TO SEE IF YOU CAN TELL THE DIFFERENCE BETWEEN HUMAN-MADE AND MACHINE-MADE – EVEN IF EVERY OTHER ELEMENT OF THE COFFEE IS THE SAME.

## The daily grind

Across the space of two weeks, we served multiple coffees to 22 different people.

We aimed to control as many as possible of the variables that can affect taste perceptions, and so each cup of coffee used the same beans, ground in the same way, served in the same cup, at the same temperature, at the same time of day and drunk in the same place... the only difference being whether it was made by a self-service machine or a trained barista.

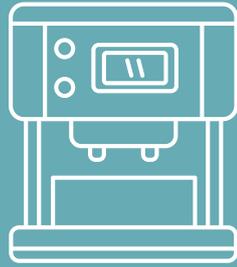
Half of the participants in the study were placed in a control group and so were never made aware of their coffee's provenance, to benchmark their taste perceptions without the influence of any potential biases towards baristas or self-service machines.

Participants in the second group were informed each time they were provided with a cup of coffee whether it was made by a machine or by a person. Again the order in which they received these coffees was randomised to avoid any potential order bias.

**After each coffee, respondents completed a short questionnaire to record their thoughts on various taste metrics, including quality, strength, aroma and flavour.**



## AVERAGE RATING FOR MACHINE COFFEE



UNAWARE

5.5/10

AWARE

4.2/10

23% DECREASE



## AVERAGE RATING FOR BARISTA COFFEE



UNAWARE

6.1/10

AWARE

6.4/10

5% INCREASE



### Bean there, done that

What we found was that a lot of us struggle to tell the difference between barista and machine, however, our perception of who – or what – makes our coffee can truly have an impact on our taste perceptions.

Those who were unaware of who or what made the coffee gave regular scores across the board, with Barista coffee just outscoring Machine made coffee overall.

However, when you are made aware of the origin this is where attitudes really start to shift...

As you would expect taste perceptions had a small increase for barista-made coffee, around a 5% increase, (6.1/10 to 6.4/10), but as soon as we learn our coffee comes from a machine or taste perceptions plummet by over 23% (5.5/10 to 4.2/10).

### Perception percolation

Respondents often made comments about their beverages that focused more on the holistic elements around a cup of coffee. Time of day, location and perceived necessity of their 'pick-me-up' all played an important role in the experience. We also know there are more subliminal cues such as sounds, the material and texture of your coffee cup and lighting, which all impact our taste and senses.

Nevertheless, the results from our study indicate that the barista holds the edge against the machine simply because they are not a machine.

Knowing a person made our coffee (or rather, not a machine) really does seem to improve the taste perceptions of the finished product, even if a human doesn't actually make a better-tasting coffee.

Thus, how and where we use machines needs careful consideration as even if we can match the experience you get from a human in reality, our perception (and ultimately perception matters more) is that it is simply not as good.

## Chapter 4

---

# THE HUMAN TOUCH IN THE AI AGE

*We're entering the unknown. How do we find the right balance between artificial and emotional intelligence? Can robots and humans work alongside each other to generate customer experiences that are both efficient and delightful?*



# Automation elevation

**Technologies such as AI, VR, AR and robots are evolving to permeate into our personal and transactional activities in ever more dramatic ways.**

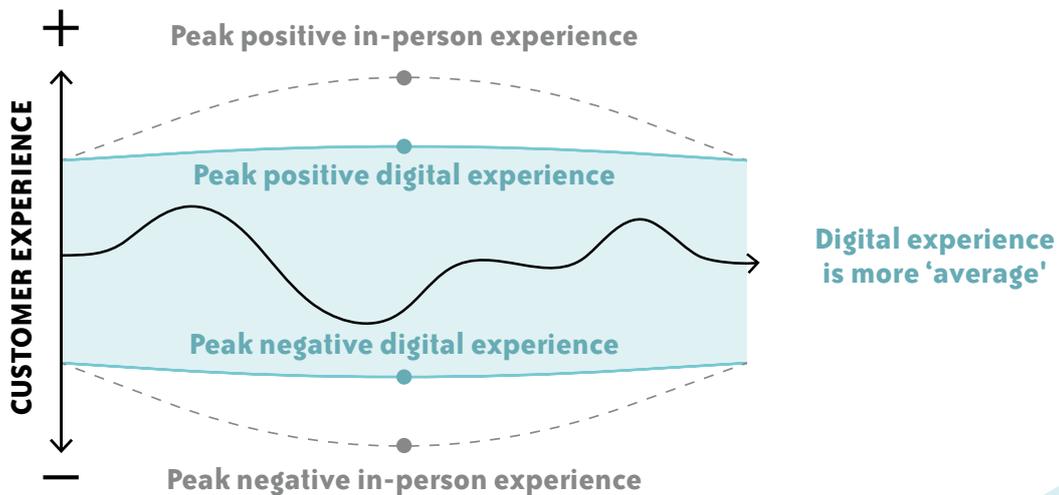
‘Robotic process automation’, also known as intelligent or smart automation, is an umbrella term used to describe new technologies that undertake tasks that would historically have required human input.

Smart automation has grown since 2019, from a value of US\$1.5 billion to around US\$7.2 billion today. And it’s predicted to continue to exponentially grow due to the speed, scalability, accuracy and compliance of automated services, unlike, training humans, who are more costly and more difficult to scale at a standardised quality level.

In proprietary Linney research, we observed that technologies offer a level of consistency that humans don’t (see graph below) – no doubt a benefit to businesses.

Touchpoints that negatively involve a human may make the experience poorer. However, humans also have the capacity to provide a far superior level of service than their technological counterpart.

Brands adopting vast amounts of technology might soften and standardise the customer experience ‘wave’, but they can risk losing incredible moments of delight if they remove the human touch.



## Lou Downe

We reference Lou Downe several times in this publication, therefore we thought it fitting to give Lou an intro.

Lou is renowned for their experience in service design, which is critical as we explore technology in the context of physical environment.

Lou has gained their position in numerous ways:

1. **Author of the book “Good Services”**
2. **Former Design Director in the UK government, and founder of service design there**
3. **Founder and coach of the School of Good Services**
4. **Nominated as one of the top 50 creative leaders in the UK and one of the world’s 100 most significant influencers in digital government in 2018**

We are also proud of the professional relationship that we have built with Lou here at Linney. Lou has also delivered several thought-provoking courses to various team members to equip us to support our clients in knowing what good looks like.

## Distance vs assistance

**Digitisation distances us from human contact. Downe highlights that ‘we now see human assistance primarily for problems or complex issues, rather than general enquiries’.**

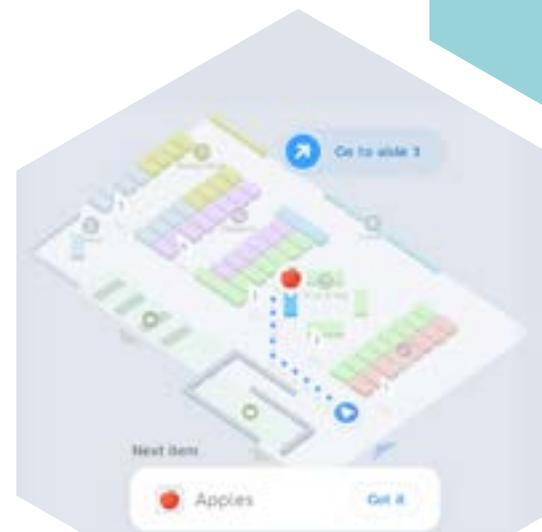
Brands have acknowledged the utility of tech to assist humans with general enquiries but have possibly pushed this too far. Lou Downe explains that six out of 10 banks, four out of 10 supermarkets and two out of 10 high-street clothing companies are harder to contact as they don’t display a phone number online. As a result, more pressure is placed on the service to perform well – and on the response time if things go wrong.

One of the latest examples of digital replacing human assistance is from London-based firm – Hyper. The company has developed an app that assists customers in navigating stores. The app provides a map view of the store as well as an AR view to direct customers to specific items on their shopping list. Arguably this solution has some great benefits, as you don’t have to speak to anyone or ‘hunt down’ a free member of staff. However, it places a significant dependency on the technology being accurate and generates a practical issue for customers who already have their hands full.

Satisfaction, or perceived satisfaction, is a problem for digitised solutions, as humans would rather trust other humans compared with mediated and automated modalities. For physical interactions, this translates to ensuring a member of staff is always close by – just think supermarket checkouts. And online this means having a chat service or phone number easily accessible.

*People in the USA are twice as satisfied with in-person interactions than automated customer service.*

**Mays et al (2021)**





## Chapter 5

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# THE ART OF ARTIFICIAL INTELLIGENCE

*Artificial intelligence has come a long way since the concept was initially proposed in 1943.*

Where traditional AI is focused on detecting patterns, making decisions, honing analytics and classifying data, GenAI takes things a step further by enabling machines to create their own content including chat responses, imagery, designs, audio, synthetic data... and deep fakes. So what is the buzz about? And what does this mean for human creativity?

# Idle chat

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**GenAI is more than capable of taking on the boring and mundane tasks. It can be a helping hand so that we can spend time on things that need more human attention.**

And so summarising inputted text, helping to decide the best way to analyse data, rewording text to make it sound more professional or even fixing errors in programming scripts is where GenAI fares well. But ask it to tell you about the weather for tomorrow you'll be greeted with radio silence.

Why? Because the models are trained on past data and updated periodically. For ChatGPT-4, the latest data sets were updated until September 2021, which means that the tool knows next to nothing about today, tomorrow or the weather this weekend.

Why does this even matter? Well GenAI relies heavily on the quality and diversity of the data it's trained on. If the data is not diverse enough, it may lead to biased or discriminatory outcomes, and inaccuracy in interpretation of the prompts, resulting in incorrect responses.

Additionally, the level of creativity of language models is constrained by the input provided by the user, meaning the more detailed the output you need, the more detailed and specific the prompt will need to be.

The prompt one writes might sometimes have to be exceedingly long and detailed, and in the end, it could be easier to write the article yourself and then ask ChatGPT to rephrase it or create different content from it. If you're writing an extensive article from scratch discussing the pros and cons of AI, including its uses and limitations, from the perspective of an opinionated AI expert, the resulting text may be informative but lack emotional and provocative opinions, as well as creative counterpoints. We know; we've tried.

**FULL DISCLOSURE:  
Some parts of this article were written with the help of ChatGPT.  
Can you spot which ones?**

To summarise, while ChatGPT models are not flawless and may struggle with complex, creative content, they excel at providing summaries, conducting preliminary research, generating content, and answering general questions.

A tool's effectiveness depends on the quality and quantity of data it receives. Its strength lies in rapid searching through countless opinions and delivering concise answers to users. And so, whilst GenAI might be the latest hot topic, it still only as good as the humans who create it and use it, whether it's the prompts we provide to it, or the data set it has been trained on.





## The only way is ethics

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**No matter how impressive the tools are, they are not magic – they rely on massive supply chains of human labour and scraped data, much of which is unattributed and used without consent.**

To make the tools safer for the user, in late 2021 OpenAI hired an external agency, Samasource, to prevent ChatGPT and DALL-E from showing explicit content. The agency in turn hired content moderators from countries such as Kenya for \$2 per hour on a nine-hour shift basis to sift through and classify harmful text and images to minimise the amount of violent and sexual content included in training data for the AI models.

This process caused many content moderators to suffer mental health issues. Since this surfaced, Samasource resolved the contract with OpenAI in February 2022, resulting in further cancellation of contracts with Facebook by the end of March 2023. But the need for humans to label data for AI systems remains, as it's a vital step in creating tools that can detect harmful content. At least for now.

Secondly, an issue of racial bias surfaced at ChatGPT, with some arguing it is made to think like 'a middle class, cisgender, heterosexual white man' because of the data model the tool was trained in, and also because our prompts skew the balance.

This means that no matter your gender, ethnicity or sexuality, the AI responses are going to be based on the opinion of the straight white man. Furthermore, the generated responses may exhibit slight variations depending on factors such as the input language used, the country in question and the prevailing political beliefs. While it may not be a concern for some, it becomes a matter of concern for us all when we consider Microsoft's plans to integrate ChatGPT into our online search experience through Bing.

While search engines are subject to biases too, there's a greater degree of freedom and control of that content. In the GenAI tools this is much harder to achieve.

## AI on the horizon

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**Despite the foundational concerns about ethics, bias and limitations, the future of AI looks promising.**

Advances in areas like natural language processing and computer vision are making AI systems more sophisticated and capable. As AI becomes more integrated into our lives, it will continue to shape the way we interact with technology. In return, it's important to know the tools' limitations and crucial to prioritise fairness, transparency and accountability in the development of AI.

**IT IS NOT HUMAN VERSUS MACHINE. IT IS HUMAN WITH MACHINE VERSUS HUMAN WITHOUT.**

Because in any period of disruptive tech, it's the successful people who understand that change is inevitable, it is not fair and the way forward involves two things: learning how to incorporate the new reality into their own lives; and helping others do their jobs better.

In this future, the best work of all will include a conversation – we need to listen to how the tools respond and then choose intelligently. It's important to not be overpowered by them and keep the premonition that the generated output can have bias, either factual or predefined, in the forefront of anything we generate.

**AND REMEMBER THAT, IN THE END, THE TOOLS NEED US HUMANS TO WORK THEIR MAGIC.**

## AI – the numbers

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**AI is a fast-moving industry. It is likely by the time you are reading this that much will have changed. However, here are the numbers based on the date this was written:**

**20%**  
YEAR-ON-YEAR GROWTH IN THE MARKET

MARKET SIZE VALUED AT ABOUT  
**£150 BILLION,**  
ESTIMATED TO REACH  
**£1.5 TRILLION**  
BY 2030

MORE THAN  
**8 BILLION**  
DIFFERENT VOICE ASSISTANTS WORLDWIDE

AI-POWERED ASSISTANTS SUPPORT OVER  
**4 BILLION**  
DEVICES, AND PREDICTED TO DOUBLE BY 2024

WORLDWIDE, THE UK IS  
**RANKED 3<sup>RD</sup>**  
IN ITS PRIVATE VENTURE CAPITAL  
INVESTMENT INTO AI COMPANIES

**ONE THIRD**  
OF AI COMPANIES RESIDE IN THE UK

## Chapter 6

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# RISE OF THE HIGH-STREET ROBOTS

*Brands are buying into the concept of technology assimilating with physical retail and leisure spaces. So, what does the infiltration of automation mean for customers and staff?*



# What's in store for the high street?

The digitisation of existing services – and staff – is on the rise in the background and on the front line.

Robots are being used to undertake mundane and repetitive tasks, such as floor scrubbing in US wholesale retailer Sam's Club and acting as robot chefs in Boston-based Spyce's kitchens.

## In the background

Robots in Sam's Club (1) are being used to clean the floors of the store, releasing colleagues to take on customer service and checkout roles. During their rounds, the robots analyse the shelves, collecting data to inform price accuracy, product location and stock levels.

At Spyce (2), robots were used in the kitchens as an alternative to human chefs to boost production to 350 meals an hour and increase the variety of ingredients used in a recipe.

In the UK, Starship's grocery delivery robots are bringing convenience to the residents of Milton Keynes, delivering items from brands such as Costa and Co-op, as well as a number of independent retailers.

## Serving and entertaining

Robots are being rolled out as front-of-house staff at restaurants and hotels.

Robot tray collectors (4) feature in several restaurants, such as Koufu at Punggol Plaza, in Singapore, where the machine navigates the aisle of the restaurant to collect customers' empty trays.

Autonomous service delivery robots are being recruited as hotel porters, welcoming guests, delivering room service orders and even answering phones. Meet AURA (5), part of the guest relations team at the M Social Singapore hotel.

Now in London, cocktail-serving robots (6) bring a novelty factor to the experience of ordering a drink.





5

## Isolated interactions

Individual components of a wider system are also becoming 100% automated. An early example mentioned before, was the ATM.

Here's an innovative repurposing of the vending machine. & Other Stories installed a vending machine (7) in a department store in Paris. The large touchscreen enabled customers to navigate and purchase hand soaps, mini hand creams, perfumes and more. This novel solution brought customer favourites into a single place, offering convenience.



6

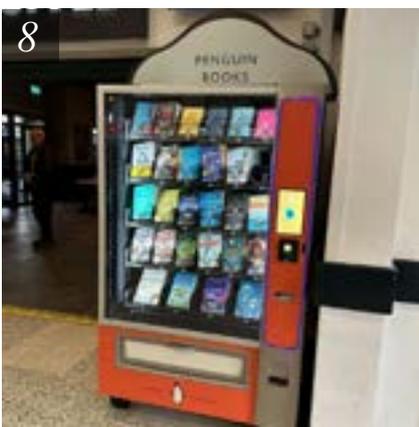
In Exeter St Davids railway station, what's essentially a 'fast-food' library has been placed in a convenient spot and displays a selection of Penguin books (8).

We are increasingly becoming more reliant on technology, to the point that it is challenging to operate when it fails us. This is due to a lack of training or habit in undertaking manual or cognitive alternatives, losing of data and information, disrupted expectations of timings due to slower processing speeds, the need to communicate in alternative formats, loss of independence and an increased dependence on other.

Putting in place backups or alternative experience options whether that be 'robots in reserve' or humans capable of stepping in is crucial to the operations of any business implementing digital touchpoints.



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## Chapter 7

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# THE BRICKS AND CLICKS MIX

*Walk-in stores with tech flourishes are bringing together fulfilling human interactions and rewarding digital experiences to create vibrant environments.*

# Retail reinvented

**Some digital approaches recognise the value of a bricks-and-mortar set-up through the personal touches that a physical environment can provide.**

## SO, RATHER THAN TRANSITIONING SOLELY TO ONLINE, BUSINESSES ARE EMBRACING THE PHYSICAL SPACES, REINVESTING AND REINVENTING WHAT THEY COULD BE.

EZ Ramen (1) in Oxford has taken this concept to the extreme, suggesting its restaurant would not have a single member of staff, operating a membership scheme where customers will pay for day passes or subscriptions to enter the store.

The co-founder said: “I wanted to create a forward-thinking place that looks at how people live their lives today. The world has changed, and people’s habits are different...”

The Fresh initiative and Time Well Spent store approach at Walmart (2) are two other examples of how businesses are rethinking the bricks-and-mortar model.

Walmart is ‘aiming to make customers feel wowed and proud when they shop with us’. Its goal for the next phase of redesigns is to amplify the physical, human and digital elements to reassure customers and elevate the experience.

AmazonGo/Fresh (2), although no longer that novel, is another rethink of what a physical store could be like. To experience

the Amazon Fresh store, all you need is the Amazon app. After that, all you need to do is walk into the store, select your purchases and walk out. The technology in the store communicates with the app to discern what you picked up and will automatically charge your account for what you walk out with – so no need to queue at the checkout.

However after Amazon (3) announced that the first store would close its doors less than two years after opening there is an uncertainty as to whether this truly is the future. Whilst there are multiple factors such as location and competitiveness of the market at play, one element that is less prominent in the conversation is the importance of place attachment.

### Walmart’s Time Well Spent store guiding principles are:



#### ACTIVATED CORNERS

Exciting displays at the corners of certain departments pull customers in and help them touch, feel and become a part of the space, allowing them to discover what’s available.



#### ELEVATED BRAND SHOPS

Taking a store-within-a-store experience to the next level.



#### MORE SPACE TO DISCOVER

It has purposefully created more space for customers to explore and discover the breadth and depth of what stores have to offer, and optimised assortment to elevate storytelling that draws customers in.



#### DIGITAL TOUCHPOINTS

Communicating the vast range of products and services Walmart offers online through the strategic use of QR codes and digital screens.



## Bond street

Horáková et al (2022) extensively discuss the positive attachment between a customer and a physical space. Place attachment is an emotional bond between people and places, and whilst factors such as atmospherics, convenience and service are important, the most influential is typically the inclusion of a social component (e.g. visiting with friends or informal staff interactions) – something that is more difficult to replicate in digital environments.

This is therefore an interesting nuance to bear in mind when considering the role of staff and socialisation in physical spaces, as the potential it can have in generating a bond between the customer and a brand is incredibly powerful.



## *Chapter 8*

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# TAKEAWAY MENU

*Our thoughts on the key considerations  
and opportunities when implementing  
digital innovations.*

# Remember the customer.

## At all costs

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**Among all this technological upheaval, it's paramount to remember the humans. The customers. As well all know, the customer's experience of a brand is as important as ever in terms of loyalty, as it's increasingly easy for them to go elsewhere.**

Salesforce's State of the Connect Customer report indicated that, for 80% of customers, the experience is as important as the product and services provided by a company.

So as we've discovered, it's no surprise more and more businesses are placing importance on the customer experience and how this intersects with digital touchpoints and automation.

As we consider the customer, we should be cautious to not place our assumptions onto our target audience and future generations. A great example of this is the hyper-focus that can be placed on Gen Z and their 'difference' from previous generations.

As mentioned at the start there is still a debate as to whether technology is beneficial or harmful, and even though younger generations live a lot of their lives through their devices, and are digital natives as such, this does not always apply to every context or experience they have or even want to have.

Humans and machines ultimately require each other. The key to good customer experience is to understand how we implement both human and digital touchpoints for their maximum effectiveness. In a multitude of cases, one cannot simply replace the other. Their strengths and weaknesses need to be balanced to ensure the ultimate level of service.

As this report and Lou Downe have highlighted, we need to lean on humans more than the digitised equivalent when:

1. Services are complex
2. Services are high risk, inducing uncertainty
3. Services are high value/expensive or come with large financial risks
4. Services are tied to the physical world

*90% of Generation Z  
want some form of  
human element woven  
into their interactions.*

*Forbes (2019)*



# Key takeaways

1.

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## Humans still need to be present

Technologies that are replacing face-to-face customer service support are still a long way off from meeting customer expectations. These digital services need to be highly polished to provide the level of experience that customers desire. In the meantime, businesses should provide easy access to a real human.

The key for digitisation is to consider how it can exceed the non-digital equivalent, rather than simply trying to replicate the same service, as the novelty and newness can soon wear off.



## 2.

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### **Consistency vs excellence – a balancing act**

Digital excels at streamlining and providing consistency in experiences, but humans can facilitate the greatest amplification.

Businesses are in a privileged position where they can choose between human and technology to provide the optimal service for customers. The challenge will be assessing how to balance them.

## 3.

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### **We are entering uncharted territory**

Brands must learn to adopt and exploit new technologies as the digital and physical worlds continue to blend and blur. If this is done well by businesses – and over time – customers can benefit by this and should not notice the shift as they are eased into it.

However, a drastic shift is likely to be overwhelming for customers. In addition, if a dramatic move is not thought out, businesses might affect future generations due to the complications and unknowns surrounding the ethical, social, physical, cultural, and economical factors.



# Key takeaways

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## 4.

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### **Conscientious digital transformations**

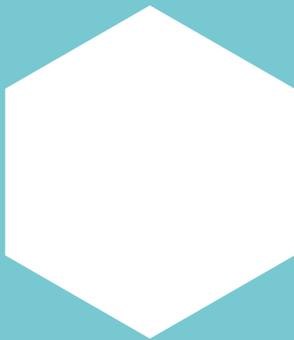
The digitalisation of services, particularly chatbots and other automated services, cannot replace the needs of customers to have an intelligent conversation with a human being. Equally examples of online stores being translated into the physical realm have not always proved to be a success.

Digitisation doesn't mean death to physical environments or that we should assume this is the correct path to take for future generations. Our desire to share physical experiences is on the rise and indicates our need to counteract the disassociating effect of even some of the most 'connected' of technologies. Businesses should therefore consider digital as an option, but not always expect it to be THE option.





# THINK. EAT. SPEND. 2023/24



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