

Personalized Shopping Experience in Retail through Internet of Things-enabled Indoor Positioning and Real-time Product Recommendations^{*}

M. M. F. Tam^a, E. W. H. Chow^{ab}, S. L. Ting^c, V. Tang^{a*}, G. T. S. Ho^a

^a Department of Supply Chain and Information Management, The Hang Seng University of Hong Kong(HongKong,999077, China)

^b Department of Construction and Quality Management, School of Science and Technology, Hong Kong Metropolitan University(HongKong,999077, China)

^c Department of Industrial and Systems Engineering, The Hong Kong Polytechnic University(HongKong,999077, China)

Abstract: The competitive pressures of e-shopping are compelling the retail industry to invest in more personalized and interactive shop to enhance networking experiences of customers. Customized recommendations, ease of navigation, and hassle-free shopping experience are emerging trends. Conversely, the conventional bricks-and-mortar stores find it difficult to offer these experiences due to limited physical tracking capabilities and generic marketing, which decreases customer engagement and cross-selling opportunities. To resolve this operational gap, this study proposes a smart store framework that integrates Internet of Things (IoT)-enabled indoor positioning system with real-time, data-driven product recommendations. This system uses the ultra-wideband (UWB) sensors and mobile tags placed in a retail space in order to track customer movement and gather accurate location-based behavioural data. The spatial data is then mined through the usage of association rule mining to extract highly confident purchasing patterns and generate personalized product recommendations based on essential yardsticks like support, confidence as well as lift. The paper presents a case study based on a real time supermarket scenario to show that the algorithm can effectively find the best complementary products in order to extract high and useful cross selling rules on the daily use products. Moreover, incorporating augmented reality (AR) technology offers proximity-based visualization that significantly enhances in-store navigation for the end user. In conclusion, a solution designed to improve customer convenience and satisfaction and enables retail management to utilize data and a scalable solution to optimize physical store layouts and implement highly targeted promotions to build long-term customer loyalty in a digital world.

Keywords: Internet of Things; Indoor Positioning; Augmented Reality; Association Rule Mining; Personalized Recommendation.

1 Introduction

The retail sector has undergone a major transformation in recent times due to rapid

digitalisation, increasingly fierce competition, and changing customer expectations (Malenkov et al. 2021). No longer a mere product

^{*} **Acknowledgement:** This research was supported by the Research Matching Grant Scheme (RMGS) under the project: Integrated IoT-Enabled Intelligence for Spatial and Environmental Analytics in Smart Urban Supply Chains. Also, the authors would like to appreciate the support from Big Data Intelligence Centre in The Hang Seng University of Hong Kong.

purchase, shoppers require speed, convenience, personalization, and an experience increasingly more than a purchase. The development of e-commerce was an additional element that raised the bar for product discovery, recommendation quality and convenience of service (Beyari, 2021). It is putting the physical retail stores under pressure to redesign their operations and customer experience. According to Islam et al., 2024, traditional store models dependent on product display and manual processes are increasingly losing effectiveness in attracting customers. Retailers have to explore new technologies and service models that would bridge the gap between physical and online shopping. The emergence of the consumer-centric nature has led to the keen demand for solutions offering real-time information, enhanced customer service, and personalized shopping experience.

Solutions use Internet of Things (IoT) technologies which are pivotal in capturing real-time data from the physical shopping environment (Hossain et al., 2021). Through sensors and connected devices, retailers can track the movement and dwell time of the customer, interaction with the product, shopping behavior inside the store (Jose et al., 2024) By means of getting such large amount of data, retailers will be able to analyze the shopping habits of the customers. As one of data mining techniques, Association rule mining helps to find relationships between products and discover items which are often bought together (Sinha, 2021). Recommendations for each customer according to their needs and context will be generated by applying association rules for customer behavior. Further relevant products will be suggested. The accuracy of recommendations improves as product promotion becomes more effective. By helping retailers optimize product placement, cross-selling opportunities and

inventory planning, (Sri darshan et al., 2024).

In order to enhance the use and delivery of data analysis results, augmented reality (AR) can optimize customer experience by visualising routing information. After identifying customer preferences and product recommendations from data analytics, AR can direct customers on the best route to the relevant items in the store (Cruz et al., 2019). As a result, the recommendation results will be less complicated and easier to follow. This is especially useful in a large retail environment, where it is difficult to find product locations. By using a phone, or any other interactive tool instead of relying entirely on stationary maps or signage to assist with customers detouring (Cao et al., 2023). Augmented Reality (AR) displays product locations, aisles directions as well as nearby promotional information in a more intuitive way. AR has the capability to convert analytical results into actionable advice that aids the shopping process.

This research outlines a smart store framework that integrates indoor positioning with real-time and data-driven product recommendations. This framework makes use of ultra-wideband (UWB) sensors to identify customer locations and collect in-store movement data, which can then be personalized analysed and recommended. Association rules help in finding a relationship in products. It aids in the delivery of relevant product suggestions based on their preferences and shopping behaviour. AR technology is also integrated so that the routing information can be visualized to make it easier for customers to reach the suggested goods. The framework intends to improve product discovery, enhance navigation convenience and make shopping a more seamless and personalized journey through UWB, association rules and AR. The suggested framework is aimed at enhancing physical retail experience through data driven

and consumer centric innovation.

This paper is organized as follows. The review of literature relevant to physical retail environment, personalized shopping experience, IoT and data analysis, and AR application, is in section 2. Section 3 offers research methodology and framework design. Section 4 gives an example to show how the framework proposed will work in practice. Ultimately, Section 5 wraps up the article while discussing future implications.

2 Literature review

2.1 Challenges in Physical Retail Environments

Physical store continues to be an important format because it has certain benefits which cannot be fully replicated online. According to Pei et al 2020, one of the main advantages is direct staff input availability. When consumers are faced with choice overload, they require assistance in understanding the features of the product, comparing it with alternatives and choosing a product that suits them best. According to Ganesha et al. (2020), salespeople can offer instant recommendations and reasonable explanations which can help lessen the uncertainty and reduce the chance of post-purchase regret. Besides, physical stores give customers a direct feel of the products before purchase (Zhang et al., 2022). For instance, in supermarkets, buyers can inspect whether the fruits and vegetables are fresh, check competing brands, read nutrition labels, and inspect the product (An et al. 2021) Thanks to this benefit, in-store shopping is particularly beneficial for products for which visual inspection is important. Physical retail spaces' hallmark strength remains the face-to-face engagement and physical access to products.

The physical retail store does have its own challenges despite these advantages. The customers at such places as supermarkets, mall

shops, specialized stores, largely suffer the disadvantage as they often have an issue finding the actual product which they want to buy. As a result, the customer's effective time spent to shop is reduced, negatively impacting the customer experience (Cruz et al., 2019). Many stores will offer signage and directional displays, but often those signs are hard to see and read. They also may be hard to update. Increasing operating costs are also troublesome for physical retailers. Such things happen mainly due to expensive rental expenses during the uncertain situation of unknown times. Due to the rapid growth of e-commerce, competition is increasing as sellers are more frequently offering quicker and interactive shopping experiences (Nitumba et al, 2023). Real-time data on consumers cannot be collected like online platforms can. Those are also unable to perform analysis. This makes it difficult to personalize their recommendations and assist with navigation. Technology adaptation will help surmount these limitations to enable in-store data collection and analysis and enhance customer's in-store shopping experience. The implementation of the most recent technologies including IoT and UWB will facilitate the collection of more authentic data regarding both the customers' behaviour while they are on floor as well as the product performance; (Gupta et al., 2024; Yan et al., 2026).

2.2 Internet of Things and Ultra-Wide Band

The IoT refers to the interconnection of several devices, sensors, and smart objects which can collect, exchange, and process the data through the internet (Kopetz & Steiner, 2022). These devices, including RFID tags, actuators, and other kinds of connected devices that enable real-time communication and automated decision-making. (Coito et a., 2021) The IoT provides a network that helps in identification, tracking, monitoring and managing the objects in different conditions (Anandhi et al., 2019). As such,

physical entities can become smart systems which generate useful information continuously. The use of IoT gives a shared infrastructure which in turn allows organizations to improve visibility, responsiveness and control over physical processes (Sallam and others, 2023).

IoT is getting more important in retail and other applied settings, as it allows for data collection directly from environments. This enables monitoring the movement of customers, interaction with products, and conditions of operations in real-time. (Pandey et al., 2025). This data could then be analyzed for the sake of better decision-making, service quality improvement and efficiency enhancement. Through IoT, firms enhance their methods by implementing personalized services, dynamic product proposals, and more. However, the usefulness of IoT, in general, highly depends on the accuracy and reliability of the data gathered. This is specifically for indoor settings where positioning and tracking are more difficult (Sattarian et al., 2019).

UWB technology is closely associated with indoor positioning due to its ability to accurately track locations in an indoor environment (Elsanhoury et al., 2022). As opposed to external environments, the internal environment has interference, reflection, blockage by walls, shuffling and other similar items (Waqas et al., 2024). The positioning of the components of the various pods and kiosks is complicated under these conditions. UWB solves this issue by employing large frequency bandwidth to support high-resolution ranging and localization (Zhao et al., 2021). It is therefore suitable to facilitate asset tracking and indoor navigation and retail analytics. When utilized with other sensors or digital systems, the accuracy of indoor positioning may further be improved with UWB, enhancing quality of location-based services (Hailu et al., 2025). UWB technology is essential

for providing precise, efficient and convenient indoor positioning applications.

2.3 Data-Driven Analysis using Association Rules Mining

The physical shopping ecosystem is merged with UWB and IoT to derive data. Association rule mining can be deployed on this data to uncover meaningful relationships among products and customer behaviour (Chan & Gunawan, 2023). This method evaluates transaction patterns for identifying items which are purchased together frequently. It provides a systematic understanding of customers' shopping patterns (Ho et al., 2012). Thus, transforming raw data into useful information aids in improving performance and decision making.

Association rule mining is particularly useful in a retail setting as it uncovers hidden relationships among the objects purchased. For example, bread and butter, shampoo and conditioner, noodles and seasoning, a lot of times appear in the same basket. When retailers identify which products are associated with one another, they can then make better recommendations. The analysis does not make a general assumption but rather uses actual behavioral evidence gathered from the customer. Yudhistyra et al., (2020) used association rule mining in gold, silver, and precious metal trading company, to identify useful patterns of products sales. Babitha et al. (2024) applied association rule mining to find real or capability relationships amongst gadgets (products, offerings, customers, etc.) to understand how customers buy or use technology. Unvan (2021) conducted a market basket analysis through association rules to make installation of products operation in supermarkets and profit increase.

Essentially, association rules mining ensure that recommendations are more accurate and context aware, hence enabling personalization. Association rules can help retailers respond

more effectively to customer needs during the shopping journey when combined with real-time data obtained through IoT and UWB. Improved inventory planning, promotion design and store layout optimization can also be done through it. Consequently, association rule mining serves as a valuable analytical tool for converting large retail data into actionable insights for enhancing customer experience and operational performance.

2.4 Augmented Reality in In-Store Navigation

AR is an emerging technology that enhances the real-world environment with digital information in real time to create a more interactive experience (Sanni, 2024). In retail environments, AR can be leveraged to aid customers with in-store navigation, showing them where to find different products and other useful information via their mobile or smart-enabled interface (Xu et al., 2022). This facilitates shoppers navigating the store more efficiently and locating desired products with less effort. AR presents spatial information in a more intuitive way than traditional signs or printed maps.

Consumers can spend a long time looking for products in large retail environments such as supermarkets and department stores (Page et al., 2019). Shopping efficiency can be reduced, and the overall experience negatively affected. AR can assist in addressing this problem by converting route data into visual directions. For instance, given that a consumer has selected a product or received a recommendation, AR can indicate the route to the product location and guide the consumer through the store step by step (Chylinski et al., 2020). AR does not only enhance wayfinding but also minimizes search time and reduces physical exertion.

In addition, another advantage of AR is its ability to present information in context. AR technology can avoid requiring customers to read different instructions or interpret overwhelming

maps. Instead, it can display arrows, markers or product labels in the users' direct field of view (Qiu et al., 2025). This ease of understanding makes the information more useful during the shopping process. Furthermore, AR can play a supporting role for other retail functions including promotional messages, product education to shoppers and interactive shopping assistance (Rejeb et al., 2023).

All in all, AR has great potential in-store navigation that makes the overall shopping experience better, interactive and personalised. AR can bring analytical insights to life for customers when integrated with location information and recommendation systems. As a result, it can effectively improve connection between digital intelligence and physical retail.

3 Methodology

3.1 Smart Store Framework Architecture and Experimental Setting

The experimental setting for this study was established within a large-scale cooperative physical supermarket located in Hong Kong. To achieve high-precision indoor tracking, the proposed framework utilizes a combination of IoT network protocols and UWB technology. UWB utilizes short radio pulses over a wide frequency band to measure distance with centimeter-level accuracy. This makes it highly suitable for confined, narrow-aisle retail environments where traditional signals, such as Wi-Fi or Bluetooth, often suffer from severe signal reflection, interference, and obstruction from dense shelving.

The hardware used here consists of ten ceiling mounted UWB anchor sensors. To optimize coverage space and ensure proper triangulation, these anchors are set at the ingress and egress (top of the beginning and end) of each store aisle. Through standard Power over Ethernet (PoE) infrastructure, the anchor

network is powered and synchronized to reduce operational latency. By scanning a QR code linked to an active mobile UWB tag (G-sensor attached) on their physical shopping carts, customers start the tracking framework. The mobile tag is a dynamic node that continuously transmits spatial data to the anchor sensors.

3.2 Data Collection and Preprocessing Strategy

To implement the recommendation engine, the system follows the implementation of a two-layer data collection of user profile and transaction data. When users first register with the centralised mobile app, they are required to input basic profiling details about themselves. These details include name, age, gender and the preferred category of shopping. This serves as the foundational user profile.

To the predictive modeling stage, the algorithmic simulation was done using a base data set of 70 distinct transactional records. To represent realistic purchasing behaviors in a supermarket context, the dataset features 13 distinct categories of essential items purchased daily: milk, bread, cereal, soft drinks, eggs, rice, noodles, meat, fruits and vegetables, chips, tissue, cleaning products and frozen food. During the preprocessing phase, this transactional data was converted to a binary matrix using one-hot encoding. Within this matrix, a Boolean value of 1 indicated the presence of an item in the transaction in question, while a 0 indicated its absence. This standardised formatting allows for processing to be done with machine learning libraries.

3.3 Association Rule Mining and the Apriori algorithm

For giving relevant personalized product recommendations corresponding to pre-processed spatial and transactional data, Association Rule Mining is adopted in this study. The Pandas data science extension was used

to implement the Apriori algorithm within the Python programming language. The algorithm finds patterns that are likely to occur together in consumer transactions. The recommendation engine assesses which products go well together or, in other words, how likely an antecedent is to lead to a consequent through the application of three core probability metrics:

1. Support is the minimum frequency of occurrence of an itemset in the transaction database that the pair is then ignored if rare.

2. Confidence, which is the conditional probability or the probability of a customer buying an item (the consequent) given that he has already bought another item (the antecedent).

3. Lift is the correlation coefficient which checks that it's observed that the two items are sold more frequently than if it is based on purchased independently. As a result, it clarifies the coincidence purchase.

To filter out statistically insignificant anomalies and generate robust cross-selling recommendations, we calibrated the algorithm with a set of strict mathematical rules. In particular, we set a support of at least 0.65 and a confidence of at least 0.70. The user will be provided highly relevant product recommendations to curb notification fatigue and enhance the robustness of the recommendation system due to this statistical constraint.

3.4 Augmented Reality Customer Interface

The mobile application acts as the main digital touchpoint for the consumer and incorporates AR features to materialize the algorithmic backend. Shoppers can create digital lists on the interface, which then compares them to the store's actual stock. In particular, through the use of the smartphone's camera, the application displays AR navigation paths and offers automated product recommendations based on the user's location in aisles. To improve user engagement without using greater personnel, the interface

further includes AR gamification that offers users to scan promotional posters or join a tracking game to win digital rewards, and parking coupons.

3.5 System Execution and Network Resilience Testing

The smart retail framework operates in a sequence of four stages:

1. The user establishes a local link with the UWB anchor network via the shopping trolley QR code.
2. The backend checks the user's online shopping list with real-time inventory to generate a physical routing map aided by AR.
3. The UWB system will always know the user's location, and when the user is within any of the product zones, the Apriori association rules trigger, which pushes high confidence cross-selling recommendations directly on to the AR interface.
4. The app has a calculation function that automatically tallies virtual carts at checkout and feedback. After the purchase, product rating information is collected, which transmits transactional data into the database and helps to revise Apriori threshold values in the future.

The aforementioned methodology will incorporate the test of network resiliency and load balancing to secure this continuous flow. The framework pre-empts network failures by simulating a variety of scenarios. It also distributes traffic across servers, ensuring that system crash or delay of data transmission at the time of retail overload does not disrupt UWB tracking and AR system.

4 Illustrative Case Study

4.1 Baseline Dataset and Descriptive Statistics

Prior to the physical deployment of the proposed smart store framework, a baseline descriptive analysis was conducted on the transactional dataset to validate the functionality. The

Transactional Matrix comprises 70 different consumer baskets of daily necessities dispensed on a high-density supermarket floor plan. Prior to the use of Apriori algorithm, a frequency distribution evaluation was made to map the support of independent items leveraged across the 13 major products. This structural profiling is critical in determining the density of the data and confirming that our data set reflects real-world retail velocity of a store.

The independent support frequency analysis showed that itemsets related to daily chores and fast-moving grocery items had the greatest baseline presence in the transaction pool. In particular, a baseline independent support of 0.8000 was discovered for cleaning supplies and fruits and vegetables, which appeared in 56 out of the 70 simulated consumer baskets. The support of “milk” holds at 0.7714 as it is. “Bread”, “chips” and “tissues” each have an independent support of 0.7571. The lower bounds of the target data distribution consisted of lower frequency necessities like “meat” (0.6571) and “frozen food” (0.7143). Optimally encoding these raw counts into a one-hot encoded binary matrix allows the framework to carry out cross-selling discovery without operational misrepresentation due to biased independent support baselines.

4.2 Algorithmic Simulation Outcomes and Rules Analysis

After validating the dataset, the computational engine executed the Apriori pipeline. Limiting the extraction of rules to a minimum support of 0.65 and a minimum confidence of 0.70 extracted rules that are most economically significant and that do not occur by accident. The computed mathematical outcomes of the algorithm from the computer terminal are transcribed in the standard empirical distribution, as shown in Table 1.

Table 1. Apriori Algorithm Association Rule Outputs

Variable	N	Mean	P10	P50	P90	Std. Dev.
Innovation Measures						
Patent Count	90262	0.6342	0	0	2.0794	1.0560
Citation	90262	1.0540	0	0	4.3960	2.0140
Cit/Pat	90262	0.6493	0	0	2.7760	1.2180
Exploitive Patent	90262	0.1098	0	0	0	0.4386
Explorative Patent	90262	0.5099	0	0	1.7918	0.9444
Firm characteristics						
Firm Size	90262	11.6785	8.9872	11.6073	14.5563	2.1943
Leverage	90262	0.1468	0.0030	0.0914	0.3658	0.1629
Profitability	90262	0.0082	-0.1429	0.0411	0.1637	0.2218
Age	90262	3.0083	1.7918	2.9444	4.2767	0.9677
Country characteristics						
GDP per capita	90262	9.8876	8.4151	10.0525	10.7007	0.8917
Credit/GDP (%)	90262	158.0111	79.3	143.6	332	78.2072
Stock/GDP (%)	90262	71.2522	34.5	66.7	110.5	34.2062

The parameters provided in Table 1 uncover important behavioral dependencies. The symmetrical baseline pairing between bread and milk, as indicated in rules 1 and 2, is seeing a lift of 1.1495. Although the lower lift is quite common, it indicates less mathematical dependence than a specialized category. Rules 3 and 4 show an asymmetrical behaviour. Customers who buy cereal have a confidence of 94.12% (Confidence = 0.9412) to buy milk. In contrast, milk buyers have a conditional probability of 88.89% of buying cereal. The correlation amongst items in two categories is significantly driving the placement of items mutually in each other's category as per lift parameter of 1.2200 which is strong and positive.

The most noteworthy operational rule that can be extracted is the presence of a bidirectional relationship between household paper goods and chemical sanitation items (Rules 5 and 6). The antecedent-consequent framework which maps the antecedent, "Tissues" to the consequent "Cleaning Supplies", has a joint support of 0.7286 (0.9623). What this means is that in 96.23% of the cases where the tissues were selected, the cleaning supplies were also selected independently. The inverse rule is given by rule 6. Its confidence is 0.9107. The unified lift score of 1.2028 proves mathematically that the probabilities of these items being chosen occurs together and not independently and this provides a good operational trigger for proximity marketing in real time.

4.3 Contextual Triggers and Dynamic Route Optimization

To evaluate the practical efficacy of these extracted rules within a physical space, an illustrative case study was conducted within a large-scale cooperative supermarket environment in Hong Kong. The physical floor plan was mapped into a coordinate matrix synchronized with the tracking backend. The customer journey begins at the entrance terminal, where the shopper scans the unique QR code on their assigned cart tag to bind their mobile session to the local UWB anchor matrix.

Upon application initialization, the user

enters their predefined shopping criteria or targets. As depicted in Figure 1, the digital interface displays a comprehensive selection screen where the user builds their initial electronic shopping list. Once confirmed, the system backend instantly processes the list, maps the target product coordinates across the store layout, and projects an optimized static routing path onto the customer's display screen. This standard navigational path is designed to minimize structural wayfinding confusion by calculating the shortest distance through the aisles based exclusively on the initial input vector.



Figure 1 Customer-Facing Interface and Standard route Navigation

4.4 Dynamic Recommendation Triggers and Spatial Optimization

The core performance advantage of the proposed framework becomes apparent during active navigation. As the shopper propels the shopping cart along the calculated physical path, the cart's UWB mobile tag continuously broadcasts short

radio pulses to the surrounding ten aisle anchors. The location server processes these signal bursts in real time, calculating the exact spatial coordinates of the cart relative to the physical store shelving.

When the system detects that the user's coordinate vector has entered a predefined spatial

zone and remained there past a specific dwell-time threshold (signaling browsing behavior), the backend invokes the active Apriori rule matrix. For example, as illustrated in the step-by-step optimization sequence in Figure 2, when a customer stands in the tissue aisle, the location server references Rule 5 (Tissues Cleaning Supplies; Confidence = 0.9623).

Due to the conditional trust exceeding the operational threshold of the system, the dynamic

recommendation window gets activated on the application of the customer immediately. If the buyer accepts the recommended cross-selling item, the backend dynamically recalculates the path matrix. Instead of making the customer seek the product manually, AR guides them with real-time directional signs over the physical aisle displays. It helps in recalibrating a frictionless map along the sanitation shelves.



Figure 2 Dynamic Promotion Notification and Updated Route Optimization

4.5 Transactional Closure and Closed-Loop Data Feedback

The last section of the use case study maps checkout handling and data ingestion to close the operational loop. After a customer has traversed the optimized set physical layout, the mobile application performs an automatic calculation. As illustrated in the final image in Fig. 3, the digital interface counts the items in the cart, totals real-time promotional discounts and displays a full financial record to avert checkout-counter friction.

Post-purchase rating module is displayed on the user's interface after checkout

verification. Consumers are asked to rate the items they purchased on a five-star scale and provide qualitative scores on satisfaction on the accurateness of the routing. At this step, a system optimization occurs constantly. Up-to-date transaction records and satisfaction matrices are automatically relayed back to the main SQL database. Feeding this live data back into the proposed model enables the framework to dynamically change the Apriori Support and Confidence thresholds. Consequently, the retail matching engine automatically captures seasonal behavioural shifts of consumers. This signifies that unimportant alerts are discarded and

suggestions become precise with time.

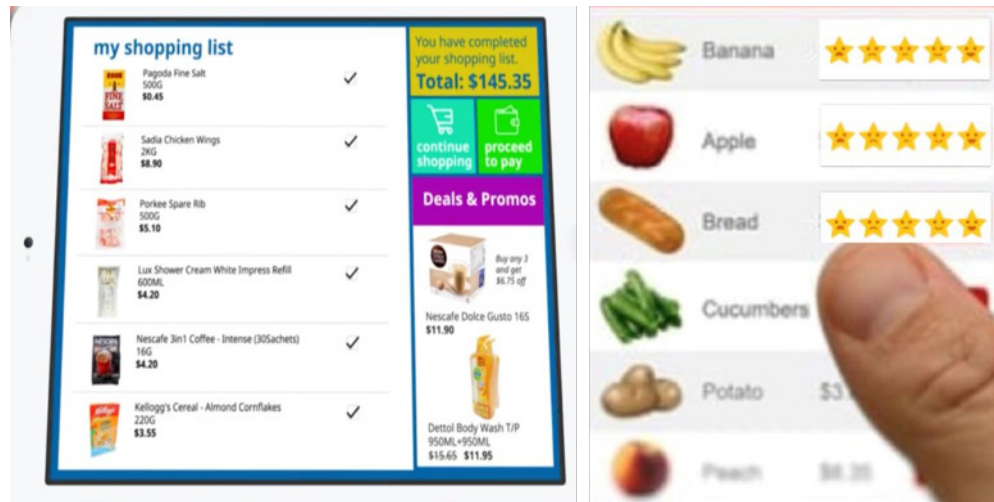


Figure 3. Automated Checkout and Post-Purchase Data Feedback Loop

5 Conclusion

Today's retail industry is undergoing a huge transition because competitive pressures from e-commerce and expectations from modern consumers are continuously changing. A robust smart store framework was introduced to facilitate the integration of physical retailing with the web-like customized shopping experience. The smart store framework was developed and tested in this study. The proposed system generates product recommendations based on real-time data utilizing IoT-enabled indoor positioning which successfully converts consumer movement in the physical world to sales intelligence.

The system uses a UWB tracking infrastructure to collect accurate spatial data at a centimeter level. The historical transaction database is processed using the Apriori machine learning algorithm to generate high probability purchase patterns. The presented algorithmic simulation shows how the framework properly identified essential cross-selling dependencies. For instance, one interesting pairing was the 96% conditional confidence between household paper goods and cleaning supplies. An interactive

AR navigation interface effortlessly connected the consumer to mathematical relationships. In the end, this framework systematizes the personalization of physical shopping journeys for the consumer. Thereby, it reduces friction while offering retailers sales opportunities with high probability and relevant context.

5.1 Theoretical Contributions

This study is an important contribution to the literature on retail digitalization, spatial analytics, and consumer behavior prediction. Firstly, past scholarly articles have often studied Indoor Positioning System as well as Market Basket Analysis as technical disciplines separately. By integrating these areas of research, the current study advances literature by proposing a theory (Spatial-Transactional), which links physical movement with the probability of predictive purchasing. This framework goes beyond static post-purchase data mining and creates an active trigger mechanism which builds on context and executes algorithmically when two items are in physical proximity.

By presenting Augmented Reality not merely as a marketing gimmick, but as a cognitive aid, the study makes a further

contribution to Human-Computer Interaction literature on retail. Often, the high density of supermarkets can create complexity in the mind of consumers. The implementation of AR as the primary visualization tool offers an original concept for resolving these challenges. Furthermore, it transforms associations among the manifested data and tricky floor plans into visual-based routing commands. Most importantly, they effectively help to reduce the search time for the consumer.

5.2 Managerial and Economic Implications

The economic benefits of this IoT-enabled scheme will help overcome the most pressing challenges currently facing the retail sector such as rising physical operating costs, rents and need for differentiation. The guidelines significantly improve inventory management from backend managerial perspective with supply chain and inventory optimization. It allows store managers to make very tactical shelf-space allocations and dynamic replenishments by understanding exact co-occurrence probabilities (e.g., the one corresponding to tissues and sanitation goods is very high). The management may place items together for the convenience of the consumer if items are closely correlated. However, the management may choose to keep those items apart so that the consumer is routed through higher margin impulse buy areas using the AR navigational map. In addition, understanding these associations enables procurement teams to adjust supply chain orders accordingly. For example, if bread is on promotion, the consequent association indicates that orders for milk should also be increased.

The checkout closed loop data feedback mechanism guarantees that promotional budgets are not wasted on store-wide discounts anymore. Instead, capital for marketing is used only to target, high-probability individual offers with high ROI. Conversion probability is far higher

when offers are pushed with the customer physically standing in the aisle as compared to the while using paper flyers.

The AR recommendation engine and the self-navigational routing map, by virtue of being automated, reduce the dependency of the retailer on sales staff for cross-selling and help in product discovery. Essentially, firms can redeploy their human resources from basic wayfinding assistance to customer service or complex management of inventories.

5.3 Limitations

While the proposed framework demonstrates significant economic and operational potential, certain implementation boundaries must be acknowledged. First, the physical deployment of an IoT-enabled network, including UWB anchors and mobile tags, requires initial capital investment and robust network infrastructure to process real-time spatial data effectively. Furthermore, physical constraints in specific retail environments, such as dense metal shelving, can induce signal reflection, requiring careful hardware calibration. Second, from a computational perspective, this study utilized a foundational dataset of 70 discrete transactions to validate the algorithmic proof-of-concept. Scaling this architecture to process tens of thousands of daily transactions will inherently increase the computational load. Additionally, association rule mining faces a standard "cold start" constraint, wherein newly stocked inventory items require a period of transaction accumulation before meeting the baseline support threshold for automated recommendation. Finally, as with any IoT architecture that captures continuous consumer data, large-scale deployment necessitates standard cybersecurity protocols to address data privacy and ensure robust consumer trust.

5.4 Future Research

In order to avoid excessive costs and space limitations of exclusive IoT deployment, future research must include spatial tracking algorithms with existing retail infrastructure. Analyzing the scope of sensor fusion particularly, fusing a UWB with sophisticated Wi-Fi arrays, Bluetooth Low Energy beacons and smartphone gyroscopes could lead to a drastic cut in the upfront installation costs.

Next, further empirical research should validate the framework with extensive, longitudinal datasets from a wide variety of store formats from hypermarkets to narrow-aisle convenience stores. This will provide

the concrete evidence of whether the long-run benefits in cross-sell revenue and efficiency gains indeed outweigh the system maintenance costs over the years.

Future algorithmic research should ascertain the feasibility of integrating powerful Deep Learning models with the traditional Apriori algorithm from a computational perspective. The cold-start stock problem can be resolved by employing sequential pattern mining or neural collaborative filtering usage and development of tools for more elaborate consumer behaviour forecasting that takes seasonality, time of day and changing micro-economic trends into account.

Reference

- [1] Anandhi, S., Anitha, R., & Sureshkumar, V. (2019). IoT enabled RFID authentication and secure object tracking system for smart logistics. *Wireless Personal Communications*, 104(2), 543-560.
- [2] An, R., Shi, Y., Shen, J., Bullard, T., Liu, G., Yang, Q., Chen, N. & Cao, L. (2021). Effect of front-of-package nutrition labeling on food purchases: a systematic review. *Public Health*, 191, 59-67.
- [3] Babitha, B. S., Behera, S., & Sharma, M. K. (2024, June). Applying Association Rule Mining To Understand Customer Buying Behaviour. In 2024 15th International Conference on Computing Communication and Networking Technologies (ICCCNT) (pp. 1-6). IEEE.
- [4] Beyari, H. (2021). Recent e-commerce trends and learnings for e-commerce system development from a quality perspective. *International Journal for Quality Research*, 15(3), 797.
- [5] Cao, J., Lam, K. Y., Lee, L. H., Liu, X., Hui, P., & Su, X. (2023). Mobile augmented reality: User interfaces, frameworks, and intelligence. *ACM Computing Surveys*, 55(9), 1-36.
- [6] Chen, A. H. L., & Gunawan, S. (2023). Enhancing retail transactions: a data-driven recommendation using modified RFM analysis and association rules mining. *Applied sciences*, 13(18), 10057.
- [7] Chylinski, M., Heller, J., Hilken, T., Keeling, D. I., Mahr, D., & de Ruyter, K. (2020). Augmented reality marketing: A technology-enabled approach to situated customer experience. *Australasian Marketing Journal*, 28(4), 374-384.
- [8] Coito, T., Firme, B., Martins, M. S., Vieira, S. M., Figueiredo, J., & Sousa, J. M. (2021). Intelligent sensors for real-Time decision-making. *Automation*, 2(2), 62-82.
- [9] Cruz, E., Orts-Escolano, S., Gomez-Donoso, F., Rizo, C., Rangel, J. C., Mora, H., & Cazorla, M. (2019). An augmented reality application for improving shopping experience in large retail stores. *Virtual Reality*, 23(3), 281-291.
- [10] Elsanhoury, M., Mäkelä, P., Koljonen, J., Välisuo, P., Shamsuzzoha, A., Mantere, T., Elmusrati, M., & Kuusniemi, H. (2022). Precision positioning for smart logistics using ultra-wideband technology-based indoor navigation: A review. *Ieee Access*, 10, 44413-44445.
- [11] Ganesha, H. R., Aithal, P. S., & Kirubadevi, P. (2020). An integrated framework to derive optimal number of sales personnel for a retail store. *International Journal of Applied Engineering and Management Letters (IJAEML)*, ISSN: 2581-7000, Vol. 4, No. 1, April 2020.
- [12] Gupta, U., Somani, P., Behare, N., Mahajan, R., Singh, M., & Iyer, C. V. (2024). Revolutionizing retail: IoT applications for enhanced customer experience. In *Internet of Things Applications and Technology* (pp. 60-80). Auerbach Publications.

- [13] Hailu, T. G., Guo, X., & Si, H. (2025). Indoor positioning systems as critical infrastructure: An assessment for enhanced location-based services. *Sensors*, 25(16), 4914.
- [14] Ho, G. T., Ip, W. H., Wu, C. H., & Tse, Y. K. (2012). Using a fuzzy association rule mining approach to identify the financial data association. *Expert Systems with Applications*, 39(10), 9054-9063.
- [15] Hossain, M. S., Chisty, N. M. A., Hargrove, D. L., & Amin, R. (2021). Role of Internet of Things (IoT) in retail business and enabling smart retailing experiences. *Asian Business Review*, 11(2), 75-80.
- [16] Islam, T., Miron, A., Nandy, M., Choudrie, J., Liu, X., & Li, Y. (2024). Transforming digital marketing with generative AI. *Computers*, 13(7), 168.
- [17] Jose, J. A. C., Bertumen, C. J. B., Roque, M. T. C., Umali, A. E. B., Villanueva, J. C. T., TanAi, R. J., ... & Gonzales, E. C. (2024). Smart shelf system for customer behavior tracking in supermarkets. *Sensors*, 24(2), 367.
- [18] Kopetz, H., & Steiner, W. (2022). Internet of things. In *Real-time systems: design principles for distributed embedded applications* (pp. 325-341). Cham: Springer International Publishing.
- [19] Malenkov, Y., Kapustina, I., Kudryavtseva, G., Shishkin, V. V., & Shishkin, V. I. (2021). Digitalization and strategic transformation of retail chain stores: Trends, impacts, prospects. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(2), 108.
- [20] Ntumba, C., Aguayo, S., & Maina, K. (2023). Revolutionizing retail: a mini review of e-commerce evolution. *Journal of Digital Marketing and Communication*, 3(2), 100-110.
- [21] Page, B., Trinh, G., & Bogomolova, S. (2019). Comparing two supermarket layouts: The effect of a middle aisle on basket size, spend, trip duration and endcap use. *Journal of Retailing and Consumer Services*, 47, 49-56.
- [22] Pandey, S., Chaudhary, M., & Tóth, Z. (2025). An investigation on real-time insights: enhancing process control with IoT-enabled sensor networks. *Discover Internet of Things*, 5(1), 29.
- [23] Pei, X. L., Guo, J. N., Wu, T. J., Zhou, W. X., & Yeh, S. P. (2020). Does the effect of customer experience on customer satisfaction create a sustainable competitive advantage? A comparative study of different shopping situations. *Sustainability*, 12(18), 7436.
- [24] Qiu, Z., Mostafavi, A., & Kalantari, S. (2025). Use of augmented reality in human wayfinding: A systematic review. *Virtual Reality*, 29(4), 154.
- [25] Rejeb, A., Rejeb, K., & Treiblmaier, H. (2023). How augmented reality impacts retail marketing: A state-of-the-art review from a consumer perspective. *Journal of Strategic Marketing*, 31(3), 718-748.
- [26] Sallam, K., Mohamed, M., & Mohamed, A. W. (2023). Internet of Things (IoT) in supply chain management: challenges, opportunities, and best practices. *SMIJ*, 2(2), 32.
- [27] Sanni, B. (2024). Augmented Reality-Enhanced User Experience with AI-Driven Contextual and Personalized Overlays.
- [28] Sattarian, M., Rezazadeh, J., Farahbakhsh, R., & Bagheri, A. (2019). Indoor navigation systems based on data mining techniques in internet of things: a survey. *Wireless Networks*, 25(3), 1385-1402.
- [29] Sri darshan, M., NithinRaj, N., & Jaisachin, B. (2024). Integrating data mining and predictive modeling techniques for enhanced retail optimization. *International Journal of Computer Science and Information Security (IJCSIS)*, 22(5).
- [30] Sinha, A. (2021). Implying association rule mining and market basket analysis for knowing consumer behavior and buying pattern in lockdown-a data mining approach.
- [31] Waqas, M., Abbas, Q., Qureshi, A., Amin, F., de la Torre Díez, I., Uc Rios, C., & Gongora, H. F. (2024). Advanced Line-of-Sight (LOS) model for communicating devices in modern indoor environment. *Plos one*, 19(7), e0305039.
- [32] Xu, B., Guo, S., Koh, E., Hoffswell, J., Rossi, R., & Du, F. (2022, October). ARShopping: In-store shopping decision support through augmented reality and immersive visualization. In *2022 IEEE Visualization and Visual Analytics (VIS)* (pp. 120-124). IEEE.
- [33] Yan, J., Liu, C., Zeng, Q., Qiao, S., Liu, L., & Cheng, L. (2026). Discovering Consumer Pathways through UWB-Based Spatiotemporal Analytics in Electronics Stores for Smart Cities. *IEEE Transactions on Consumer Electronics*.
- [34] Yudhistyra, W. I., Risal, E. M., Raungratanaamporn, I. S., & Ratanavaraha, V. (2020). Using big data analytics for decision making: analyzing customer behavior using association rule mining in a gold, silver, and precious metal trading company in Indonesia. *International Journal of Data Science*, 1(2), 57-71.

- [35] Zhang, J. Z., Chang, C. W., & Neslin, S. A. (2022). How physical stores enhance customer value: The importance of product inspection depth. *Journal of Marketing*, 86(2), 166-185.
- [36] Zhao, M., Chang, T., Arun, A., Ayyalasomayajula, R., Zhang, C., & Bharadia, D. (2021). Uloc: Low-power, scalable and cm-accurate uwb-tag localization and tracking for indoor applications. *Proceedings of the ACM on Interactive, Mobile, Wearable and Ubiquitous Technologies*, 5(3), 1-31.

Corresponding Author:

G. T. S. Ho, Faculty of Business, The Hang Seng University of Hong Kong, Research Interests: Logistics and Supply Chain Management; Internet-of-Things Applications; Big Data Analytics.