

Connected Stores

Bridging the digital divide

February 2016



Retail has gone beyond store, online, mobile, tablet. Consumers are device-agnostic and expect seamless experiences across all channels and touchpoints.

The store still plays a vital role in providing this seamless journey, but it needs a revamp.

- The **future of the store hinges on its ability to serve customers across all channels**. The challenge is implementing technology that makes sense, and is of value, to the consumer rather than simply investing in technology for technology's sake.
- **Mobile is a key tool throughout the path-to-purchase** and is essential in bridging the gap between online and offline. **With a wealth of information available at their fingertips, today's shoppers are highly empowered**. Facilitating how consumers like to use their mobiles for shopping and building solutions around the technology they already engage with will lead to higher spend and loyalty.
- **Consumers are on the hunt for more compelling store experiences** expecting retailers to leverage technology and provide a more tailored shopper journey. **Personalising every touchpoint and contextualising experiences is essential**. The challenge is encouraging consumers to converse and engage with technology to gather the vital information needed to **better understand the shopper**.
- **Fulfilment is a key differentiator** and pivotal in closing the loop on seamless experiences. **'Click & Collect' and 'Drive-Thru' formats marry together the benefits of purchasing online with the ability to collect on a shoppers own terms**.
- **Technology is the enabler for both consumer and retailer**. It enables consumers to engage and interact however, whenever, wherever they chose in a way that makes sense to them. For the retailer it enables them to facilitate this behaviour, while aligning all operations to the common goal of providing a seamless experience to its customers.



Instore Mobile Systems

Leading retailers have begun to equip employees with smartphones and tablets to access key performance indicators, product information, inventory and customer data as well as for expanding assortments.

- While many retailers initially opted for deploying consumer products, an increasing number of **professional, retail-hardened handheld devices** have come to market.
- Some companies have embraced a 'Bring Your Own Device' (BYOD) strategy, allowing employees to access corporate networks with their own mobile systems, as well as self-scanning for customers.
- Consumers expect store associates to **be well informed and empowered**. Mobile equipped employees enable this through real-time access to product and inventory data as well as providing information on the customer.
- Omni-channel retailers can leverage business by integrating digital operations more closely. Interactive screens help retailers **expand their ranges without increasing inventory or floor space**.
- Planet Retail predicts that **deployment of instore mobile systems will soar**. The technology has proven extremely efficient in making store employees more productive and successful, particularly selling consulting-intensive products.



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In most of its European operations, **Lidl** equipped sales and regional managers with Apple iPads running an app that show shelf layouts, new listings and de-listings as well as staff scheduling of the stores.

“

Key for a successful implementation is acceptance from our staff; it is not primarily just a technical challenge.

**Department Store
Operator**

Mobile POS – next generation checkouts

Once equipped with mobile devices, store associates are only one step away from finalising transactions by accepting payments, thus sparing customers the queue at the checkout.

- For obvious reasons, the majority of mobile POS solutions accept **cashless payments only**.
- In some cases cash drawers, printers and docking stations installed in fixed positions are complementing the mobile devices.
- The key advantage of finalising transactions directly at the point of decision is that it **prevents shoppers from abandoning purchases**, leading to higher conversion rates instore.
- Planet Retail expects the **share of mobile POS to rise disproportionately**, both replacing and complementing fixed tills.



Superdry, in conjunction with cloud-based retail technology specialist One Iota, has introduced transactional instore iPads in all of its stores as it seeks to link up the online and instore. The iPad Minis are integrated with Bluetooth chip & PIN payments and Superdry hopes they will boost instore transactions. Customers can buy items that are out of stock or from the extended online range, which can be delivered to customers' homes or any of its nationwide stores.



The Home Depot's mobile application enables store associates to help customers locate products, check inventory and explain product features. Additionally, store associates can use the phone to conduct business analytics, helping reduce checkout wait times during busy periods. The phone is a proprietary Zebra Technologies device that was designed specifically for The Home Depot.

Mobile Payment - a major battleground

40%
of shoppers' choice of retailer is influenced by acceptance of alternative payments

An increasing number of diverse players - established as well as challengers - are fighting for a share of a potentially lucrative market.

- Mobile payment is seen as a **huge potential growth area** and many players are positioning themselves to secure their slice of the pie.
- However, **uptake of the technology has so far been underwhelming**. While consumers express willingness to use smartphones for payment, few are yet to have actually paid with their phones instore.
- Reasons are partly due to **lack of trust in the technology, lack of opportunities and lack of necessity** due to the convenience of other payment methods.
- However, a major trusted player, like Apple, as well as the advent of wearable devices could turn this around. **As retailers cannot afford to lose sales**, they are well advised to accept the payment methods their customers prefer.
- It is likely **only a few schemes will survive in the long run** as consumers will only be willing to keep a limited number of payment apps on their devices.

ESTABLISHED PAYMENT SCHEMES



NEW PLAYERS



Aimed to reduce transaction costs and to gain valuable shopper data, retailers have strong interest in promoting their own mobile platforms or alternatively opt for integrating white label solutions into their apps. Adding value via other mobile services, such as mobile coupons or personalised offers, is set to further acceptance of their wallets.



RETAILER-DRIVEN SERVICES

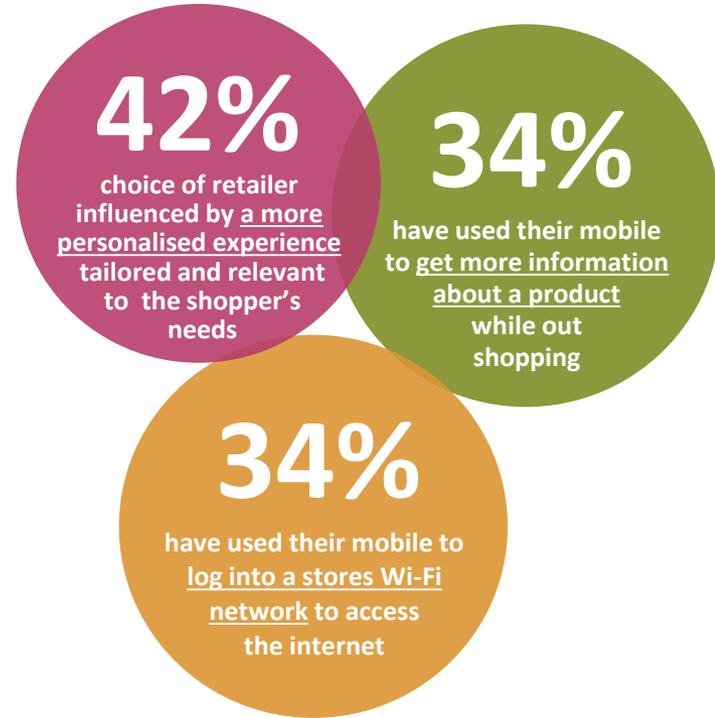
ONLINE PAYMENT PROVIDERS



Embracing Shoppers' Mobiles

Retailers should look to build solutions around the technology consumers are bringing into store as mobile increasingly serves as the glue binding touchpoints together.

- Retailers are well advised to **affirm shoppers using their mobiles in stores** and create a stable and secure infrastructure that enables communication. Building solutions around mobile is a cost effective way of **future proofing the store**.
- Providing **free Wi-Fi is now a basic requirement. Offering personalised services via shoppers' mobiles** is a likely way to win over consumers.
- Beacons are a perfect tool in providing consumers with **extra product information instore** as well as the **personalisation** they crave. Developing solutions that link to shoppers' devices will drive engagement and loyalty by targeting them on a platform that makes sense to them.
- In digitising the store the once anonymous offline shopper becomes visible, arming retailers with **rich data to provide an intrinsic understanding of the consumer**.



Carrefour is trialling Philips' technology in an outlet in Lille. Instead of beacons, it uses an LED lighting system to send codes via light waves. These can be detected by a phone's camera to highlight offers and rewards to shoppers based on their location instore.

Behind the Scenes

- Macy's is working with start-up Hointer, who is automating the backroom to deliver selected items straight into the fitting room without fuss.
 - Selected items will be automatically transported into the fitting room within seconds, saving customers and store assistants time looking for the right size.
- RFID robots can speed up and optimise inventory tasks and free up staff for more shopper interaction.
 - Last year, Tesco started to test an indoor mapping and analytics robotic system, provided by RFSpot, in five UK stores.
 - The robots track RFID tags embedded in Tesco's F&F clothing ranges in an attempt to improve efficiency and inventory visibility. Using the data collected, the retailer can view inventory information in real-time.



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