



RETAIL PRO THOUGHT LEADERSHIP

RETAILERS: WELCOME TO THE MOBILE 2.0 PLATFORM



Retailers: Welcome to the Mobile 2.0 platform

A decade ago, the mobile environment allowed brick-and-mortar retailers to sanction transactions from anywhere in the store, leading many to believe the demise of the register was just around the corner. Fast forward to today, and it is readily apparent that the traditional POS is not disappearing anytime soon.

However, as new technology continues to drive the evolution of the POS, it is the store experience for the shopper and the retailer, which is being truly redefined. Today's hyper-connected consumer dramatically reduces the impact of distance or location on buyer decisions, and allows retailers to make better, more informed decisions in real-time with near-instant access to virtually any data across their organization. This is critical, because these advances have placed the expectations of today's savvy, smartphone-powered consumer at an all-time high.

These advances highlight the emergence of the "Mobile 2.0" retail economy. Mobile 2.0 marks the evolution of mobile technology from merely an accessory to a driving principal within retail. At one time considered a functional accessory added to retail management systems, mobile technology and devices have become fundamental elements of 21st century retail; they can no longer operate in technical silos with limited functionality. In a Mobile 2.0 world, hand-held devices look up customer information, manage inventory, provide reports, suggest purchases, and much more...simultaneously if need be. Today's retail management systems must be inherently mobile and ultimately engineered to support a cross-platform retail infrastructure.

Retailers are no longer content with reactive, consumer-grade tools addressing just a few niche needs. Retail industry participants are now driving to implement Mobile 2.0 technologies across their organization, leveraging smartphones, tablets, sensors and other assets to:

- Enable floor staff to look up, find and leverage product information, customer preferences and inventory data
- Aggregate and scrutinize data pertaining to in-store activity and Web traffic in real time
- Deliver tailored recommendations to consumers based on past and present behavior
- Send frequent updates to employees regarding a customer's loyalty status at checkout

Ubiquitous connectivity is now a reality

Why Mobile 2.0 is relevant for you right now

Speed of information is the defining attribute of our technological world, and the driving force behind the industry shift to Mobile 2.0. Connectivity is the key for retailers today who seek out mobile technologies that allow them to update and access data on the spot, communicate in real-time across their enterprise and engage shoppers at richer, deeper levels. The value of connectivity for the 21st century retailer or shopper cannot be overstated.

It is human nature to be connected, whether social or technological. People still do the majority of their shopping at brick-and-mortar stores for this intrinsic reason, be it to connect with

other shoppers or to gain expert advice from sales associates. As we become more and more proficient at connection, the expectations of the experiences that result also rise in proportion. Quality of engagement is and looks to become an even stronger differentiator across the retail marketplace. As this continues, Mobile 2.0 technologies will become essential in positioning retailers to deliver the experiences that the 21st century shopper expects and craves.

Equipping store personnel with smartphones and tablets wasn't practical 4-5 years ago, but the introduction of more affordable, professional-grade mobile devices has changed this. Mobility is projected to become a critical area of competitive advantage for retailers over the next few years. Research shows that some suggest some 53% of consumers expect retail sales associates to be more informed than they themselves are AND armed with mobile devices to ensure speed to data.

In February, Cisco released a study detailing the prevalence of mobile Internet access in 2013, making the following discoveries:

- Global traffic increased 81 percent throughout the year
- Mobile data activity was almost 18 times the size of the entire worldwide Internet in 2000
- Smartphones contributed to 406 million connection additions
- Connectivity speeds more than doubled, rising from 526 kilobits per second to 1,387 Kbps
- By the end of 2014, the number of mobile devices will surpass the world's population

Peeking behind the Mobile 2.0 curtain

The devices behind Mobile 2.0

Retailers and consumers add constantly to an ever-expanding pool of information, and data is shared between devices and through the Internet at an unrestricted pace. Optimizing retail management in a Mobile 2.0 world requires an infrastructure that integrates the channels across which data is shared and the appropriate devices to execute a mobile strategy.

For many retailers, Mobile 2.0 can appear, at first glance, to present a quagmire of new technological options and unconnected possibilities to evaluate. In reality, the outlook is much simpler. There are four key technological assets that are driving the progression of Mobile 2.0:

- 1. Smartphones:** The smartphone is the signature tool of today's consumer. For retailers, the smartphone is also a dual-edged sword. Many retailers respect and fear the 'show-rooming' power it gives users to instantly compare price and product information across the web, but few understand how tremendously empowering the smartphone can be for retail. Synchronizing in-store sensors and other devices to recognize a smartphone's unique IP address potentially grants the retailer access to powerful information about each consumer, allowing merchants to make smarter recommendations and deliver more relevant advice.

2. **Tablets:** The tablet is obviously popular among consumers, but is more appropriately dubbed the signature mobile device of retailers. Its additional visual real estate and touchscreen abilities add a layer of functionality that make it ideal for multi-tasking in retail.

For instance, a sales associate can use a tablet to manage inventory much more effectively than with a smartphone-sized device, and can still receive notifications when a customer who is likely to require their specialized knowledge enters their store or department.

3. **Location sensors:** Although not specifically a mobile device, this technology enables physical outlets to better set up shelf displays, optimize store blueprints and understand how specific individuals respond to the layout of a store. Traffic can be recorded and analyzed to give managers an idea of how congestion and population affects the amount of time shoppers spend browsing for items.
4. **Radio-frequency identification (RFID):** RFID is arguably one of the most important contributors to Mobile 2.0 movement. The technology behind RFID has been around since the 1970's, but up to now has been largely underutilized due to its cost. Only within the last few years have high tag costs and costly infrastructures started to come down to make the technology obtainable for the average retailer. From item location, to automatic receiving and loss prevention applications, retailers can leverage RFID and mobile devices to optimize efficiency throughout their stores.

Merchant Strategy & Mobile 2.0

Managing the new spectrum of retail

The brick-and-mortar store format remains at the heart of retail, and this looks to remain constant into the foreseeable future. While early predictions calling for the demise of the brick-and-mortar store appear wildly premature, what has and will continue to change dramatically across the industry is the new spectrum of retail possibilities now available for merchants.

This spectrum of new possibilities is radically different at its extremes. Some strategies are designed to enable patrons to complete purchases completely on their own, while others look to transition the majority of brick-and-mortar traffic to their online presence. Many, especially in their initial approach, look to augment their traditional brick-and-mortar workflows with technologies that deliver the experiences today's consumer expects.

Many organizations do actually plan on enabling patrons to complete purchases entirely on their own. The Guardian acknowledged the goals outlined by JCPenney's management, who are backing a campaign to implement RFID technology across 100 percent of its locations. This technology initiative intends to integrate a POS system that allows customers to purchase goods in-store without having to go to a formal checkout area.

Again, this does not forecast the demise of the in-store associate. If consumers wanted a quick shopping experience devoid of human interaction, they would choose to purchase items directly from the technologically connected options – their smartphones, tablets or desktops, but people continue to visit brick-and-mortar venues for the express purpose of interaction. Mobile 2.0 solutions enable retailers to provide this at a higher level for consumers, regardless of whether store associates are there for the purpose of helping consumers complete transactions or for divesting their full energies into helping shoppers make informed purchase decisions.

While JCPenney's approach may or may not be realistic for most retailers, it underscores the importance of understanding which direction along this new retail spectrum your organization is moving towards. Understanding this direction will provide the insight you need to determine which Mobile 2.0 technologies and approach can help you reach that goal. Adapting to these new possibilities is part of a greater, organic developmental phase that reflects the adjustment of the retail industry to today's technological advances. The more effective your adjustment as a retailer, the greater your positioning for leverage and competitive advantage in the near future.

Bringing it all together

Seeing how Mobile 2.0 works

Despite your strategic position on the mobile retail spectrum, its unique elements can be best utilized to their full capabilities under the umbrella of a holistic Mobile 2.0 retail management system. A great example of how these parts work together in action were outlined in a retail scenario detailed by The Guardian:

While walking in a subway station, Consumer A uses her smartphone to compare prices for a specific brand-name treadmill. Behind the scenes, a merchandising intelligence system identifies the type of machine she's looking for.

- Upon walking past a sporting goods store, a location sensor picks up her smartphone signal, relaying it to the aforementioned retail management software.
- After relaying information pertaining to her specific workout equipment preferences, an RFID tag embedded within the exact kind of treadmill she is researching is located.
- The central intelligence system then notifies Consumer A that the machine she has been looking for is located within the store, which convinces her to go inside.
- While the previous transaction occurs, Salesperson B is notified of Consumer A's reason for entering the store (i.e. to learn more about the treadmill she's searched for and possibly buy it). The retail software informs Salesperson B of how Consumer A searched for the machine, compared prices and considered reviews.
- Upon walking into the sporting good outlet's "Exercise Machines" section, Consumer A is greeted by Salesperson B, who then provides her with his expert insight regarding the treadmill she's interested in.
- Consumer A decides to purchase the treadmill. As opposed to directing her to

the front of the store, Salesperson B allows her to complete the transaction from the tablet he has just used to assist her with details about the treadmill. An electronic receipt is sent to Consumer A's email address, along with shipment tracking information.

This scenario is just one example of how merchants can leverage Mobile 2.0 to their advantage. Note the ways the different mobile devices used (RFID, location based sensors, a smartphone and a tablet) were integrated to contribute to the completion of the transaction.

What to look for in a Mobile 2.0 solution

You know where your retail strategy is heading. Now you can identify the Mobile 2.0 technologies needed to successfully implement your strategy. Generally, three critical characteristics define a best-in-class Mobile 2.0 deployment: Customization, Security and Holism. Evaluating Mobile 2.0 technologies requires more than simply "checking off" whether or not a platform includes these attributes. It requires taking into account how these features integrate with each other to not only implement your strategy, but also provide you with the freedom to adjust and adapt as circumstances vary.

For example, investing in a solution that loosely connects mobile assets isn't conducive to creating a holistic customer experience. If a customer can access information on a product's availability on a smartphone across the enterprise, but in-store sales representative can't access information on that product's availability beyond their store on their company-issued tablet, the software in use will not facilitate the journey to Mobile 2.0. This integrated approach to evaluating retail management software is essential to laying the foundation for your organization's long-term omni-channel strategy.

When searching for your retail management solution, understand that a best-in-class Mobile 2.0 retail platform will be:

1. **Customizable:** No two retailers are the same, so each should utilize a deployment unique to its own business culture and practices. Your Mobile 2.0 solution should give you the flexibility to deploy, implement, modify and brand your retail management system in accord with your business' best interest. Design, execution and usability should all feel unique to users, whether they exist as consumers or professionals.
2. **Secure:** When it's time to complete a transaction, all vital information should be encrypted from creation to storage. Employing black box technology that prevents malicious figures from viewing financial data is not a "nice-to-have". It is an **essential** component of a Mobile 2.0 solution.

Monetary intelligence aside, in an age of heightened identity theft and cyber-terrorism, your retail software must be capable of protecting your sensitive and proprietary data from malware, spyware or other harmful programs intent on jumping the wall to steal what you have worked so hard to build.

- 3. Holistic:** An ideal Mobile 2.0 solution doesn't appear segmented or disjointed on the front-end or the back-end. It is a system that can be implemented across your environments serving varied hardware and software platforms. Consistency of the retail management system's features and functions should be easily accessible and as integrated as possible across the platform, regardless of whether it runs on a tablet or traditional PC-based POS system. Augmenting one function at the cost of another function's usability isn't a best practice of a retail management system that can be leveraged long-term.

The features of a useful Mobile 2.0 system integrate seamlessly with each other and also blend well with other software. If a Mobile 2.0 system has the qualities mentioned above and provides the flexibility to adapt to your needs, whether an integration to an ERP or CRM, it's worth the investment.

The mobile paradigm continues to mature, and will for the foreseeable future. Many retailers are in the process of adjusting their strategic approach to implementation, and as a result, many organizations have yet to fully exercise this new generation of mobile technology to their advantage.

For progressive retailers, Mobile 2.0 retail technologies present an opportunity to stay ahead of the curve by employing an integrated, flexible and secure approach capable of evolving side-by-side with their organization and retail strategy.

About Retail Pro

Retail Pro International is a global leader in retail management software. For over 25 years the company delivered its retail management products and unmatched global support services to become a proven solution for serious retailers everywhere. From single stores to prestigious, multinational retailers, over 52,000 retail stores in more than 90 countries trust Retail Pro® to manage their operations. Today, Retail Pro solutions are recognized world-wide for their unparalleled flexibility, functionality, multi-national and multi-language capabilities.

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