TotalRetail

US vs. Europe: Taking on Retail Technology

By Greg Petro
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The end goal of all retail companies is to hear the cha-ching of the cash register. But getting there is rarely an easy path. Retailers must make a series of decisions before the cash register rings, and one misstep along that decision path can cost them big. In fact, these missteps equate to $1.1 trillion in lost opportunity globally each year. Retail companies all over the world are adopting technology strategies to both understand their customers better and, in turn, drive sales.

While adoption rates differ, there's not a significant difference in why retailers across the globe turn to technology. Ultimately, all companies want to know their customers. They want to understand how much customers are willing to pay and how they can influence the behaviors they want to see. But how brands approach gaining this understanding differs.

EU and U.S. Retailers Differ in Their Approaches
Comparing the U.S. and Europe demonstrates how countries differ in adopting technologies. European retail companies are far more advanced in providing customers seamless point-of-sale experiences, particularly in payments technologies. However, American companies have done more to create interactive in-store experiences, such as applying in-store barscanners, beacons and more.
Another area of difference lies in credit card technology. Many of today's credit cards are smartcards, which have an embedded chip that transfers payment information. This chip technology has been prevalent in Europe for a long time, while the U.S. has been slower to adopt it. Even now, as the U.S. begins to roll out chip cards, they differ from the European version in that consumers aren't required to enter a PIN but a signature. Why the difference? Credit card company research has indicated that U.S. customers would be averse to being required to enter a PIN.

Differences are also seen in implementation of no-contact payment systems, credit cards, debit cards, mobile devices or other devices that use RFID or NFC to make a payment by waving or holding a device near a card reader. The U.S. is ahead of this growing retail technology trend, using it for purchases regardless of price point. The model is used in Europe only for payments under 20 Euros, even with credit card application. In France, for example, only 28 percent of credit cards are

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equipped for this mobile payment capability.

Differing Views on Data Privacy, Limiting Some EU In-Store Technology Adoption

In-store technology can help retailers better understand consumer behaviors, track transactions and personalize offers. This technology varies from using social to drive consumer behavior to companies serving up targeted offers to consumers in or near the store. The U.S. adoption rate has been ahead of Europe, and that may be due to the differences in the players leading the effort. In the U.S., companies such as Google are driving it, while in Europe it's largely credit card companies and traditional banks, which are slower to move.

Additionally, consumer views and the regulatory environment have a significant impact on the rate of technology adoption. Europeans and Americans have significantly different cultural perspectives about technology and what's considered invasive vs. helpful. A good example of this is the chip and PIN card. European consumers are accustomed to entering a PIN, while American consumers may view this extra layer of security as an inconvenience or potential security risk. Security and privacy laws also differ by country, so retailers may have differing legal constraints. In every country, it's important to ensure that consumers feel safe and that when they give information, in return they receive something that's relevant and of value.

Technology Adoption Key to Retailers Gaining and Applying Customer Insights

Technology is a game changer for retailers. Companies can arm sales associates with information such as past purchases and preferences that allow them to have informed conversations with consumers in-store. Beacon-powered apps can allow retailers to deliver precisely targeted offers and coupons to consumers. Technology equips retailers with the insight to plan the right inventory at the right price and provide consumers with a personalized experience.

Adoption rates differ, but for both U.S. and European retailers, technology is the key to understanding and leveraging customer insights from product design and planning to the cash register.