# Retail's Top 5 Challenges when deploying Mobile

## Promises of Mobile in Retail

Mobile technology in retail has been the source of a tremendous amount of buzz since coming on the scene a handful of years ago. Devices have ranged from off-the-shelf consumer tablets to purpose-built rugged devices to now hybrid devices that can be both fixed and mobile depending on the use case.  What has remained consistent over the years, however, is the use of mobile devices by managers, associates and as a POS device can have a dramatic impact on the success of the retailer and improving the shopping experiences for customers when implemented properly.

What no one can deny in retail is that the rise of online retail is forcing retailers to rapidly improve the customer experience.  Consumers that once HAD to shop now must WANT to shop and transforming the customer experience in terms of depth of offerings and speed of service has become paramount to retail survival in many retail segments.  Consumers who once came to store for products are now coming for people and expertise.

## When Mobile Is Done Correctly

As mentioned above, when done correctly, profits and an increased customer experience can be achieved.  According to the latest research from IHL Group, the level of sales improvement can range by segment and type of device from 25%-5%-219% higher sales growth in 2017 to in some cases where average sales growth is expected to be 146% higher for 2018 as the company roll-outs are completed.

We say "when done correctly", as just adding mobile devices at retail stores does not automatically turn into increased sales. Specifically, IHL has researched and found that these 3 items must be in place for mobile success.  They are the following:

- Associates are properly trained on using the devices (to not lose eye contact)
- Side by Side transaction – solving the customer problem – so customer can see what you are doing.
- Not in the way, but sales assist – the device is not a replacement, but enhancement to the sales process.

These are the bare minimum processes.  The key point is Mobile is used as an enhancement to the experience for the consumer and not as a replacement.   When followed, these best practices can make striking improvements to order value and the bottom line.

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HARD DATA, SMART DECISIONS

## Many Retailers Still Have Not Rolled Out Mobile, But Have Big Plans

Below we outline the top challenges that companies have outlined that have slowed their adoption of mobile devices despite the strong financial data support in increased sales growth.

In the latest IHL research we see a different level of deployment based on mobile types. Today, 47% of the respondents in the survey have Mobile Devices for Managers installed, 42% have Mobile Devices that don't have POS functions for Associates, 34% have deployed Mobile POS and 26% have or will allow consumers to check out with their phones by the end of 2017.

### Percent of Retailers Deployed Today by Mobile Type
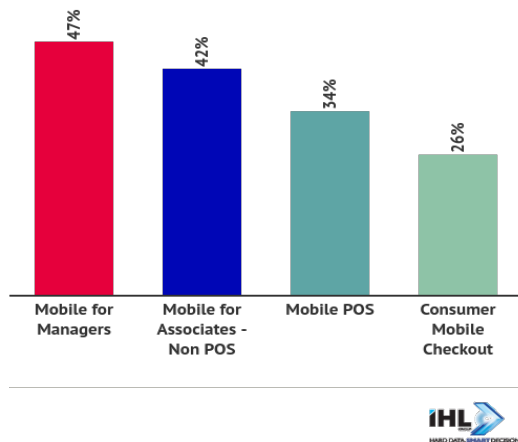


What is somewhat surprising, however is the fact that despite the significant demonstrated increase in sales when mobile devices are used, a significant number of retailers have yet to deploy the devices. This is most surprising with Mobile Managers where in the past we have seen sales growth percentages of 250% higher by getting the most expensive employees more on the sales floor.

Looking forward, we are starting to see a heavy level of new decisions coming in the next two years. 34% of retailers are planning to purchase new Mobile devices for Managers in the next two years. 27% are planning to purchase

Mobile for Associates but without the POS function enabled during the next 2 years. Perhaps the single largest area of investment going forward are the 39% of retailers planning to deploy Mobile POS in the next 24 months.

### Timing of Next Mobile Purchase



It is clear that Mobile POS is a key part of the planned enhancement of the customer experience at the store level in 2018/2019.

What is clear is that there have been many reasons that retailers have delayed in the deployment of mobile devices and these are related to the many challenges being able to do the deployments well and achieving ROI targets. With this thought in mind, our research has identified the Top 5 Challenges mentioned by retailers that they either experienced while deploying or have kept them from rolling out mobile devices in their chain despite the strong potential financial improvements that have been experienced by retailers enjoying the technology.

## Top 5 Challenges

In IHL's recent survey, retailers were given a choice of 14 potential challenges ranging from fund availability to infrastructure to software development. They rated these as the top 5 things that hold back successful deployment of mobile in their environments.

## Having Proper Applications in Place

By far the single biggest challenge reported (75%) from retailers in terms of deploying mobile devices was having the applications in place to actually make the devices useful.   This is obviously critical as if the purpose of the device is for sales assist, not having the related applications to pull up previous order history, inventory visibility, and accessories that might go with an item would certainly stunt the potential sales increase using mobile.  What this indicates is that many retailers have delayed rolling out mobile because they have yet to complete their move to a single version of data for inventory and order systems as well as single system for customer data.   However, if the purpose is simply to do line busting and speeding the checkout process, the hindrance is having an application that is available to handle the complete item catalog for the store.  In either case, it makes total sense that the top challenge preventing mobile deployments is having the right software solution to make use of the systems.

## Lack of Staff to Manage

Next in the line of challenges is having the appropriate staff both at the stores and at the district or home office to manage the devices and the users.  Retailers continue to struggle to hire enough people in the IT departments to properly meet the needs of the organization. Deploying mobile devices at the store level adds to the number of qualified people needed.   As such, simply having access to the people meet the needs to install, roll out and manage the devices and setup users, manage access control and security of those users on mobile devices is a key challenge for 60% of the respondents in the survey.  This is particularly a problem in store environments that might experience annual turnover of 200-400% in associates.  This is a problem across retail as the need for IT talent has outpaced the availability of that talent.

## Support/Help Desk

Related to the challenge of having enough IT talent to manage devices and users, there is also the challenge of appropriately staffing the Support/Help Desk positions for all of the users of the devices and applications. 59% of the respondents mentioned having the resources to staff a help desk as a major challenge for deploying mobile devices in their stores. As many of these applications would work on both fixed computing devices and mobile devices, retailers must have a way to diagnose issues as being related to the application, the device, or drivers.  The same challenge for finding talent for the management of the devices also comes into play here when it comes to supporting them.
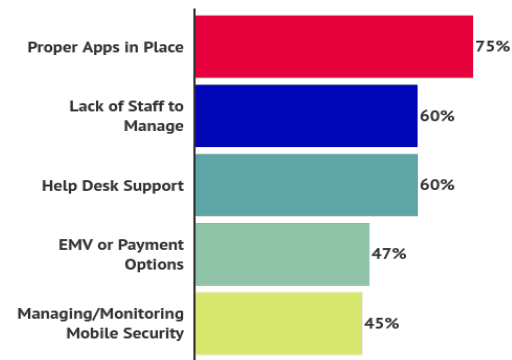


## EMV or Payment Options

This next challenge is specific to the deployment of Mobile POS devices.  47% of respondents said that either EMV certification issues or lack of good payment options were a significant challenge in the deployment of Mobile POS. There are really several different sides to this issue.  The first has nothing to do with the mobile technology, but rather a tremendous shortage of EMV certification experts that have delayed many retailers from getting certified by 2-3 years.  Adding mobile POS requires an update to that certification and thus the potential for further delays.  The second significant issue here has been the availability of hardware products that match the mobile device choices and have the appropriate drivers. And then finally, the somewhat kludgy nature of many of these payment terminals and how they interact with

the mobile devices can be an issue for some retailers.  Purpose developed hardware can have devices built-in, but others seem like add-ons. Retailers have delayed deployments because the solutions do not match the ambiance or experience they hope to provide.

## Managing/Monitoring Mobile Security

And finally, 45% of retailers report that Managing and Monitoring Mobile Security is a significant challenge to deploying mobile devices at the store level.  Security is complex and takes on several facets. The first area is the physical security of the devices. It would seem obvious that geofencing devices and "bricking" them outside of that fence would seem obvious, but there are numerous stories of retailers losing upwards of 50% of their consumer-grade devices within one year due to inadequate processes in this area.

Certainly, the physical security is a concern but a bigger issue is the security of the data on the devices and locking down the interfaces and management of these devices.  Many retailers are simply ill-equipped with the staff and knowledge to adequately protect devices at the store level.  It is critical that Bluetooth and WiFi networks are locked down and access via device is limited to a need-to-access level; having in place the proper procedures, access levels, while keeping these up-to-date with the rapid changes in personnel and devices/peripherals as required.  This is particularly daunting if a retailer enlists a Bring Your Own Device (BYOD) strategy. With the proliferation of cell phones and tablets this provides a dizzying number of combinations that must be secured and managed at any one time.  All of these factors provide unique security challenges and may delay deployments of mobile solutions at the store level.

## Despite the Challenges, Opportunities Provided by Mobile are Significant

In a market where consumers that once HAD to shop now must WANT to shop in stores, improving the customer experience is paramount to survival for many retailers, let alone success.  The rewards of proper implementation are not only significant but also proven when best practices are adhered to and retailers do the groundwork to properly support the successful deployment.  But what is obvious is that very few retailers can afford to deploy mobile devices at the store level without 3rd