whitepaper

The Future of Retail:

How Mobile Communications are Enhancing the Omni-Channel Customer Experience

spectralink
The WorkSmart Company

Introduction

In today's global economy, retailers are being driven by the demands of an increasingly mobile and digital consumer; offering savings, service and efficiency are merely table stakes. Armed with smartphones, tablets and laptops, tech savvy shoppers expect retailers to know their preferences and anticipate their needs throughout their buying journey, regardless of how they choose to engage with them.

> "MOBILE IS AN OPPORTUNITY TO ADD A HELPFUL LAYER OF MEDIA, INFORMATION, AND TOOLS FOR THE CUSTOMER'S IN-STORE JOURNEY. IT SHOULD BE VIEWED AS ADDITIVE, NOT COMPETITIVE.
>
> - Doug Stephens, Founder, Retail Prophet

Mobility and apps, combined with social media and mobile payments, have fundamentally transformed how global consumers purchase goods and services. According to global analytics provider, comScore, in the fourth quarter of 2014, year-over-year total discretionary retail spending rose three percent; e-commerce rose nine percent; and mobile commerce rose 33 percent[1].

So is the traditional "brick and mortar" retailer dead? Far from it. According to a recent survey from Forrester and RetailNext, only 15% of consumers opt to shop exclusively online[2]. In fact, physical and online stores are converging into an omni-channel model in order for retailers to provide a seamless, hyper-relevant experience for their end customers.

Read on to learn how global retailers are leveraging mobile devices to deliver a rich variety of interactive and contextual experiences that drive revenue, customer loyalty and brand awareness.

Business Initiatives Driving the Retail Omni-Channel

Modern retailers worldwide have two primary business drivers:

- Deliver a better customer experience.
- Improve operating efficiencies to drive margin.

While creating an omni-channel model can address these objectives, it also requires executives across the retail organization to implement and manage the following initiatives:

Payment card industry (PCI) compliance for data security

High-profile data breaches experienced by retail giants such as Target and Home Depot have resulted in PCI compliance being conducted globally. In addition to installing chip readers at the point of sale, retailers are also implementing other enhancements to ensure customer transactions and the data that is collected remain secure. For example, retailers are replacing personal smartphones with enterprise mobile devices on the retail floor to avoid skimming (when an employee uses a personal smartphone to steal data while handling customer cards for payment).

Creating new in-store experiences and services

Retailers are adopting new techniques to engage customers and ensure the brick and mortar experience remains relevant and cost-effective. Some of these initiatives include Buy Online, Pick-up-in-Store (BOPS), and offering localized product inventory. Retailers such as Tesco are piloting “endless aisle” concepts where a new type of digital signage displays all of a store’s products so that customers can purchase them without having to walk around the store in search of them.

Enabling a Unified Communication (UC) System

UC integrates separate modes of communication into a single, combined user experience. Email, text, voice and web solutions work seamlessly in one interface, enabling communications anytime, anywhere and on any device so that the right people can be contacted to address customer needs from anywhere in the store. For example, the majority of retail customer questions are inventory-related ("Is this in stock?", "Do you have this in my size?"). When shoppers don't receive an immediate answer, associates miss out on closing the sale, leaving customers to take their wallets elsewhere. By minimizing the time spent on information searches and delivering relevant data instantly, retailers allow employees to deliver better on-demand service to their customers.

Implementing Product Information Management (PIM) and Master Data Management (MDM) Systems

Retail giants such as Target, Best Buy, Elgiganten, Marks & Spencer and John Lewis use PIM/MDM software. These systems help retailers better manage product data, improve supply chain operations and ensure product information is consistent regardless of the channel.

Improving theft protection technologies and monitoring systems

The retail industry overall experiences a total loss of $42 billion, according to the Global Retail Theft Barometer[3]. Inventory management systems and other technologies have shifted to mobile applications so that store managers, employees and security can collaborate on loss prevention.

Integrating distributed order management (DOM) software and applications

More retailers are implementing DOM systems which have the capability to provide a real-time view of a customer's entire purchase history across all of the seller's channels. In essence, distributed order management enables increased supply chain efficiency, in addition to improving the customer experience.

Successful management of these drivers can facilitate the development of an omni-channel model in which retail employees are armed with mobile devices and services, and physical stores are leveraged to expedite the supply chain process. Clear communication and coordination throughout the retail value chain is critical for retailers to succeed with this model.

$42B

Billions in overall theft experienced by the global retail industry

The Changing Role of the Retail Store

According to a recent Cisco report, mobility and apps now represent a disruption similar in scope to e-commerce in the late 1990s and early 2000s[4]. Deloitte projects 83 percent of all Internet usage globally will be through mobile devices[5]. And in the next three years, worldwide e-commerce sales through mobile devices are expected to top $638 billion[6]. So what is causing this surge in mobile e-commerce? A convergence of social media, mobile payments and new devices which are enabling an always-on, always-connected shopping experience. At the same time, consumers are charting their own shopping journeys via the following activities.

Showrooming – shoppers try out merchandise in a traditional brick and mortar retail store, and then purchase it online, sometimes at a lower price. Online stores often offer lower prices than their brick and mortar counterparts because they do not have to bear the same overhead costs.

Webrooming – shoppers research products online before buying them in a physical store. Shoppers frequently want to compare prices and check availability online first before visiting a brick and mortar location to "touch and feel" the desired merchandise. This is particularly popular when the consumer is in the market for "big ticket items" such as sofas or sporting equipment.

Snacking – instead of placing one big order from their computer, shoppers are increasingly making smaller purchases on their smartphones throughout the day. Retailers are viewing this trend warily. On one hand, snacking promotes impulse purchases. On the other hand, the ease of buying single items instead of building a shopping cart can drive up retailers' shipping costs.

Despite the surge in mobile shopping, the in-store experience remains relevant among consumers, particularly those who don't fall into the category of "digital natives" – shoppers aged 18 – 24 who interact with retailers via social media for everything from researching and following favorite brands to purchasing directly through social media.

Customer Spotlight:
GIANT Foods

A subsidiary of Netherlands-based Ahold, GIANT Food Stores, LLC, operates more than 200 stores in Pennsylvania, Maryland, Virginia and West Virginia. GIANT Foods needed a wireless solution that could reduce overhead paging by creating a connected, in-store mobile workforce.

Solution

- Spectralink 8000 Series wireless handsets installed in 150 stores
- Four to seven Symbol Spectrum24 wireless LAN access points in ceilings throughout each store

Benefits

- Solution cost-effectively leverages GIANT's existing Wi-Fi network
- Elimination of overhead paging, promotes a peaceful customer shopping experience
- Text messaging allows cashiers to conduct price checks and cash runs without leaving their registers
- Increased focus on helping customers, maintaining inventories, and ensuring a clean, safe shopping environment

"Spectralink wireless devices enable department heads to spend 75 percent more of their time on the floor helping customers. That's a major improvement."

Denny Hopkins
Vice President, Advertising and Sales Development

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According to the Cisco survey, approximately 55% of consumers in the United States and Germany preferred shopping in-store versus online. Shoppers in the United Kingdom were split 50/50 in their preference. And only 29 percent of shoppers in France enjoyed online shopping versus shopping in a brick and mortar location[7].

55%
of consumers preferred shopping in-store

50%
of consumers preferred shopping in-store

71%
of consumers preferred shopping in-store

It is also interesting to note some of the reasons why webrooming has become so popular with mobile shoppers, as reported in a study by Merchant Warehouse[8].

47% don't want to pay shipping costs

22% don't want to wait for delivery

46% like to touch & feel a product before buying

36% ask the store to match a better price found online

37% like being able to return an item to the store

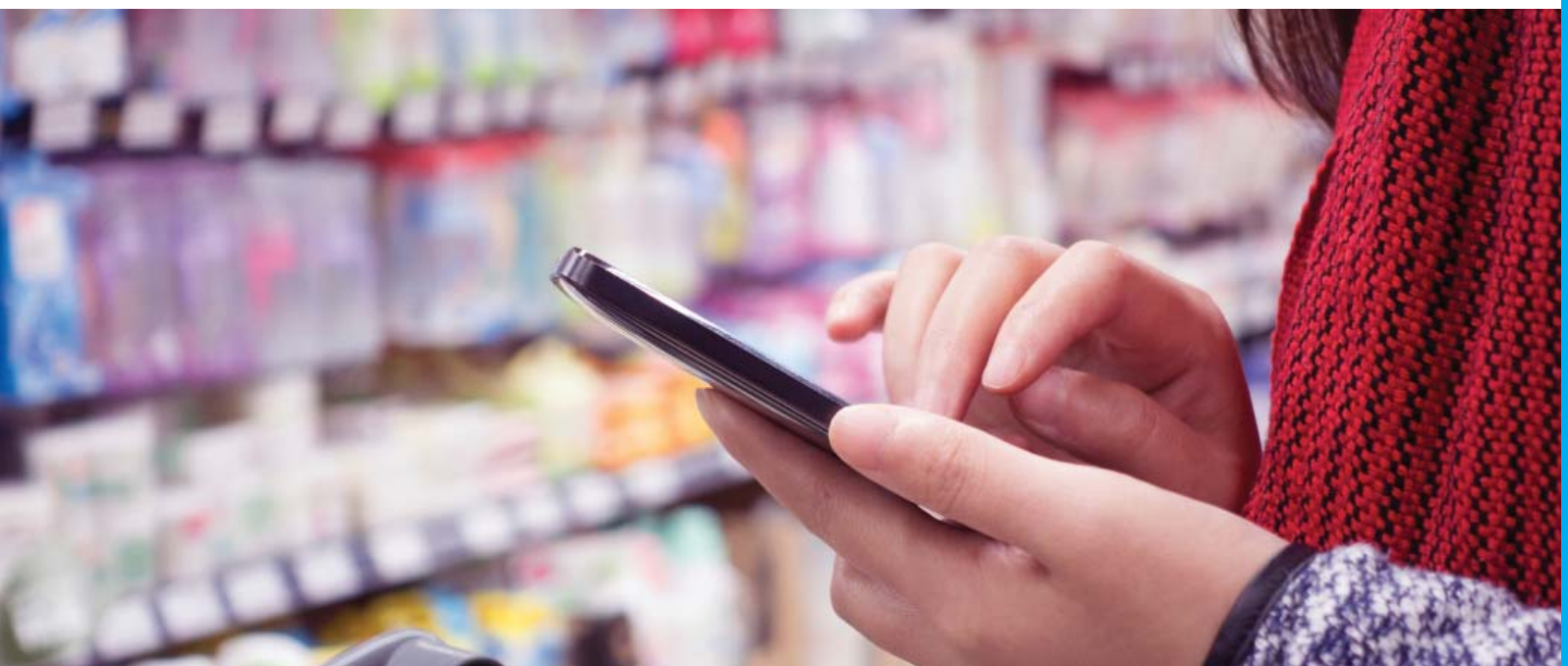
Retailers such as Wal-Mart Stores Inc. and Nordstrom Inc. (located in North America and the U.K.) are looking at ways in which to tie in mobile shopping with their stores. For example, customers could check into a store through their app, providing salespeople with their purchase history, even encrypted payment information, for a faster and more personalized shopping experience.

It's not surprising that Nordstrom has reimagined its customer service department from an enclosed space in the back of the store to a sleek concierge desk positioned strategically in front of the escalators.

> FOR OMNI-CHANNEL RETAILERS, WEBSITES AND MOBILE APPS ARE NOT JUST E-COMMERCE ORDERING VEHICLES, THEY ARE FRONT DOORS TO THE STORES. STORES ARE NOT JUST SHOWROOMS, THEY ARE DIGITALLY-ENABLED INSPIRATION SITES, TESTING LABS, PURCHASE POINTS, INSTANTANEOUS PICK UP PLACES, HELP DESKS, SHIPPING CENTERS AND RETURN LOCATIONS.
>
> - Darrell Rigby, Head of Global Retail, Bain & Company

Other born and bred online shopping sites are realizing that their target audiences – while technically savvy – are also tactile – with the largest online store, Amazon, planning to open additional brick and mortar locations[9]. They want to experience first-hand the cultures that are carefully cultivated by the likes of Warby Parker and cosmetics seller Birchbox.

For example, Warby Parker currently has more than 30 retail locations across the United States. Birchbox promotes their New York and Washington D.C. locations on their home page, encouraging visitors to “Come hang with us!”



Customer Spotlight:
L'Occitane Group

L'Occitane is a global manufacturer and retailer of natural and organic cosmetics and well-being products. Having deployed the Spectralink DECT solution in its main building, L'Occitane wanted to implement a similar solution in its expanded research center and new Laboratories M&L facility.

Solution

- 114 Spectralink IP-DECT base stations
- Four Spectralink wireless servers
- Two Media Resources, plus additional DECT handsets
- Compatibility with Microsoft® Lync

Benefits

- A connected mobile workforce with seamless voice and data access throughout L'Occitane's facilities
- Superior network coverage and voice quality, including Spectralink's proprietary QoS (Quality of Service)

"The Spectralink solution matched our needs perfectly..."

Stephen Roux
Infrastructure Manager
L'Occitane Group

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Leveraging Mobile Communications to Create a Hyper-Relevant Customer Experience

While retailers in some categories have blamed mobility and apps for compressing their already slim margins, others are identifying the role that mobile devices can play in delivering a "hyper-relevant" customer experience. Hyper-relevance is characterized by retailers delivering an efficient, contextual experience (that is, reflecting a shopper's individual situation, real-time environment, history and so forth), relevant to real-time needs.

Unlike personalization, where the retailer simply knows who the customer is, hyper-relevance occurs when retailers leverage data-driven insights to help shoppers accomplish what they need to do at a precise moment. Retailers can facilitate a hyper-relevant experience by arming employees with the ability and resources to accomplish the following:

- Gain up-to-date knowledge of online offers, promotions and competitor prices.
- Check stock availability and complete "buy online/pick up in store" sales.
- Offer "click and collect" from another store location.
- Provide instant price matching.
- Offer upsell and cross-sell purchase recommendations (i.e., "other customers who purchased this item also bought . . .").
- Create customer "wish lists" for special occasions such as birthdays, anniversaries, etc.

In order to deliver a superior customer experience, retailers are equipping employees with mobile devices and applications that empower them to serve as consultants rather than merely enabling a transaction. Key features of these mobile communications solutions include:

Compatibility and support for existing Wi-Fi (technology that allows electronic devices to connect to a wireless LAN network) and DECT (Digital Enhanced Cordless Telecommunications – a standard primarily used for creating cordless telephone systems) infrastructures. This provides a flexible platform in which to work with existing third party applications such as ERP and stock management software and barcode scanning capabilities. Employees can access promotional pricing, product information and customer history from anywhere on the selling floor.

Superior voice quality to facilitate communication with business associates to ensure all customers are being cared for at any given moment. Clear voice capabilities and uninterrupted call access also helps to create a quieter, positive experience by eliminating unnecessary noise from overhead paging.

Safety features such as secure messaging help reduce shrinkage by quietly notifying store security while maintaining a peaceful shopping environment.

An intuitive interface and professional device design assure customers that associates are conducting business on their mobile devices and not engaging in personal phone calls, web surfing or social media.

Enterprise devices are kept on-premise in order to secure customer and transaction data, and remove any unwanted information security risk.

> OMNI-CHANNEL RETAILERS – THOSE THAT SEAMLESSLY INTEGRATE THE BEST OF BOTH DIGITAL AND PHYSICAL WORLDS AT EACH STEP OF THE CUSTOMER EXPERIENCE – ARE LIKELY TO ENJOY SIGNIFICANT ADVANTAGES OVER RETAILERS THAT TRY TO PURSUE EITHER ONE ALONE OR BOTH INDEPENDENTLY.
>
> - Darrell Rigby, Head of Global Retail, Bain & Company

Bring-Your-Own-Device (BYOD)

Senior retail executives worldwide face increasing pressure to maintain consistent growth and profits. Further, senior IT executives now have margin responsibility, which means they must leverage technology and systems to foster innovation.

Implementing a bring-your-own-device (BYOD) policy is understandably appealing as it relies on employees to use their personal smartphone devices which can lead to some cost savings. However, retailers should take the following into consideration before committing to a BYOD plan:

- Security risks associated with using a mobile device, and the penalties associated with non-compliance.
- BYOD often requires an investment in special NAC (network access control) and MDM (mobile device management) systems.
- Consumer smartphones can be difficult to integrate with back-end retail applications.
- Personal smartphones are dependent on the individual's carrier for call quality. They often lack sufficient signal strength in store environments which can lead to dropped calls.
- Retail IT teams don't have access and visibility into the information being stored on personal smartphones. If an employee leaves the company, IT can't remotely wipe corporate or customer data from their phone.
- Employees using personal smartphones often don't keep up to date with their security patches. This can result in an unintended data breach and violations with PCI compliance.
- Consumers often perceive store associates using consumer smartphones as engaging in social activities while on the job. This promotes a poor brand image for the retailer.

In contrast, enterprise mobility solutions offer the following:

- Discreet alerts and secure messaging to reduce overhead announcements for an improved shopping environment.
- Response time and audit trail management which can measure customer service response times for continuous improvement.
- The ability to replace multiple devices, such as radios, pagers, scanners, etc. This streamlines employee training and brings efficiency to store operations. Since employees only require one device, this also reduces total cost of ownership (TCO) while streamlining device management.
- Assistance to Human Resources and Health & Safety requirements regarding staff protection and safety within the workplace. Icons on the handset for fire or "fallen man" can be configured so that these alerts can be sent to all staff.
- Support for existing systems & infrastructure.
- Enabling customer-centric apps such as pricing and promotions.

Conclusion

As consumers adopt new technologies and shopping behaviors, retailers need to digitally transform their business processes in order to understand their behaviors and develop a viable, sustainable omni-channel model. Those that take advantage of mobility and apps can innovate early and swiftly – setting themselves apart from their competition while gaining more of their customers' insights, loyalty and wallet share.

Resources

1. "Mobile Commerce Growth on Fire," comScore, March 16, 2015.
2. RetailNext, "Real-Time Data Drives the Future of Retail," January 2016
3. Fortune, "U.S. retail workers are No. 1…in employee theft," January 26, 2015
4. "The Hyper-Relevant Retailer: Around the Word, Insight is Currency, Context is King," Cisco Advisors, July 2015
5. Global Powers of Retailing 2015: Embracing Innovation," Deloitte, 2015.
6. "U.S. E-Commerce Growth Is Now Far Outpacing Overall Retail Sales," Business Insider, April 2, 2014.
7. Cisco Consulting Services, 2015
8. "Study Shows the Prevalence of Consumer 'Webrooming': More people researching online and buying in local stores" – Janet Stilson, AdWeek
9. "Amazon to expand Prime benefits, open more brick-and-mortar stores" – Valentina Palladino, Ars Technica

About Spectralink

Spectralink delivers secure, cost-effective mobile communication solutions that empower enterprises to streamline operations, increase their revenues and deliver a positive customer experience – each and every time. Since 1990, Spectralink has deployed millions of devices worldwide across the retail, healthcare, hospitality and manufacturing sectors – providing workers with the industry's most efficient, in-building communications solutions.

Visit www.spectralink.com for more information.