



Transforming the Retail Store of Today

Enhancing the in-store customer experience

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Abstract

The purpose of this paper is to focus on inter-device communication technologies that can enable physical retail stores to hold their own in the face of dwindling market share thanks to the onslaught of their online counterparts.

Physical retail stores are facing several challenges today owing to the emergence of online retail. Consumers have taken to this seemingly convenient form of buying and physical retailers are frantically looking for ways to attract footfalls. Stores already have several devices that can aid them, but most of them today operate disparately and integrated solutions are the need of the hour:

There are several technologies that can enable these devices to communicate meaningfully with each other as well with the back-end retail system and shopper-owned devices. Retailers can harness them for various functions ranging from management of inventory to customer relationship. A few retail companies have already adopted them for customer identification and tracking, albeit in a rudimentary form.

Seamlessness between the multiple devices and technologies will raise shopper engagement levels, encourage buying and increase customer stickiness.

Introduction

A global information management firm conducted a survey in which 2,000 adults across the UK were asked where they were going to buy Christmas presents. They found that a whopping 54.2% of overall spend would be online¹.

The rise of online retailers having no physical presence has caused a tremendous upheaval in the retail industry. The Internet and the mobile phone have revolutionized the way we shop. Initially, buyers used to use the Internet only to wade through product information, but today even the purchase is virtual.

For instance, a person who wants to buy a camera today is more likely to go online, search for product specifications, reviews and place an order for home delivery. The 'touch and feel' benefit that physical retailers offer is no longer enough to draw customers to stores.

To counter this trend, companies running physical stores first need to understand the value proposition offered by online sellers and then find ways to go one up on them.

The purpose of this paper is to focus on inter-device communication technologies that can enable physical retail stores to hold their own in the face of dwindling market share thanks to the onslaught of their online counterparts.



Challenges faced by physical stores vis-à-vis online retailers

The UK chief executive of a global advertising company thinks that the main reason for retailers to lose customers by the droves is their focus on earnings rather than shopper experience².

Online retailers on the other hand, are making the most of the advantages inherent in the electronic shopping process and successfully wooing away customers from brick and mortar stores.

They know the customer better on account of the information they gather as part of the buying process. The log-in id and password serve as the shopper's identification and every action after log-in is tracked. The retailer leverages the valuable insights thus gained, to engage with the customer; offer an enhanced buying experience.

The physical store presents a completely different scenario, where the retailer is oblivious to the fact that the customer who has just stepped in is a frequent shopper. Shoppers do not identify themselves, simply because retailers do not provide a mechanism to do so. As a result, they are not familiar with a shopper's purchase history or shopping behavior; are unable to perceive the items on his shopping list, and are not equipped to offer personalized promotions and discounts.

Assisting each customer in finding his way through the store is also a challenge. Also, while most retailers offer loyalty cards, they are unable to utilize this customer relationship management tool to serve shoppers better.

The solution?

A bespoke store solution using technologies like NFC/WiFi-direct/RFID/Barcodes/QR codes to enable seamless store and customer device interaction.

Anatomy of Customer Identification

The identification of a customer can play a big role in retaining as well as gaining new business. Although several stores have adopted technologies conducive to identifying and tracking customers, they have failed to utilize them for attracting more footfalls and boosting sales.

Additionally, stores can have kiosks /self-service stations where shoppers use their NFC-enabled gadgets to identify themselves. Loyalty cards embedded with NFC tags and Bluetooth-enabled devices can enable customer identification and tracking as well. Retailers can also recognize customers when they seek product information by looking up Barcode/QR codes on aisles/products on the store app. For instance, when a shopper logs on to a store's Wi-Fi network, his position can be pinpointed using Wi-Fi Triangulation methodologies. Third party software development kits (SDKs) can be used to create multiple solutions for accurate pinpointing. Also, location-based services and applications (on mobile phones) typically rely on GPS (Global Positioning System) technology to trace customer location. Further, RFID (Radio Frequency Identification) tags on products facilitate tracking of every product in the shopper's cart.

Retailers can also pick on a combination of all the above technologies to build a comprehensive customer identification and tracking mechanism. The seamless integration of the various platforms will surely enhance customer experience by several notches.

Delivering an enhanced Customer Experience

Leveraging in-store devices to increase customer touch points

Retailers can use the existing devices available in-store to provide an enhanced customer experience. Devices like POS, Kiosks and Digital Signage along with the customers mobile device can be used as touchpoints by retailers for upselling opportunities. The in-store devices

¹Source: <http://blog.profitero.com/2012/12/retail-intelligence-542-of-christmas.html>, Campaign Management & Analytics Division, SDL, December 17, 2012.

²Source: <http://www.bizreport.com/2012/02/young-consumers-not-abandoning-physical-stores-for-online.html>, Saatchi & Saatchi, February 14, 2012.

when interacting seamlessly can provide customers a superior shopping experience and offer a new level of personalization.

E.g When a shopper walks in to a store and identifies himself at a kiosk, the kiosk can deliver personalized coupons to the customers mobile device instantly. These coupons along with the customers shopping list will be presented on a map to the customer with walking directions to the various aisles. The coupons are also 'known' to the POS devices and can be automatically applied to the customers shopping card during the checkout process. As the customer checkouts, the digital display at the checkout terminals can showcase ads relevant to the customers purchase. Retailers now get multiple opportunities to upsell, something which the online retailers cannot match. This customer experience will always be unique and the personalization involved will be more specific based on the stores analytics on the particular customer.

All the above can be achieved by building a bespoke store infrastructure solutions to integrate the store and shopper devices and also interface with the existing store and backend systems.

Conclusion

Online sales, although still a small percentage of the overall retail sales, are rapidly growing. Retailers need to gear up to this reality.

Studies have shown that customers who spend more than 10 minutes in a store end up making a purchase³. So retailers have to focus on increasing "the dwell time" in the store by looking for solutions that use customer insights to enrich the shopping experience. Technology enablers can transform the hitherto 'dumb' devices to intelligent and smart assistants that shorten response time and deliver better service.

Retailers can choose from an array of inter-device communication solutions and transform their business by proper customer identification, tracking and communication. In this rapidly evolving digital age, the "human touch" paradoxically facilitated by technology, will enable physical retail to survive and even thrive, despite the threat posed by online retail.

³Source: <http://www.scdigest.com/ontarget/12-08-15-1.php?cid=6106&ctype=content>, August 15, 2012.

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Retailers need to gear up to this reality.



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About the Author

Ameya is a Principal Architect with the Retail, Banking and Publishing Practice at Wipro with a special focus on Retail. He is involved in engineering bespoke solutions for retailers to solve the issues of customer identification, tracking and enhanced customer experiences.

About Product Engineering Solutions

Wipro's product engineering business delivers engineering solutions that impact consumers and businesses in the connected and mobile world. Market proven engineering building blocks enable customers make the right choices to deliver innovative products and solutions. Wipro has over 15 years of experience in the peripherals industry, providing solutions to a large customer base including printer/MFP manufacturers, industrial printer manufactures, label printer manufacturers, ATM manufacturers and other point of service manufacturers. Wipro's expertise has helped OEMs ideate and conceptualize new products, manage the entire product life cycle and integrate devices in a cloud and mobile environment.

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