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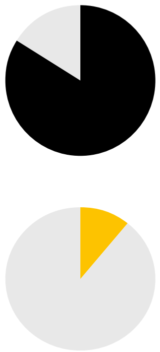
THE CONNECTED SHOPPER

How European retailers are enhancing the instore customer experience

Survey conducted by IDG Connect on behalf of Zebra Technologies

IDG CONNECT

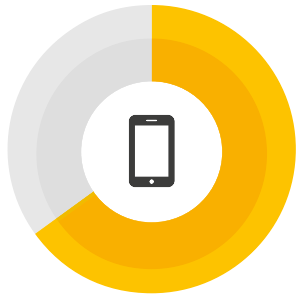
2. Summary of research



86% offer secure guest Wi-Fi today

and

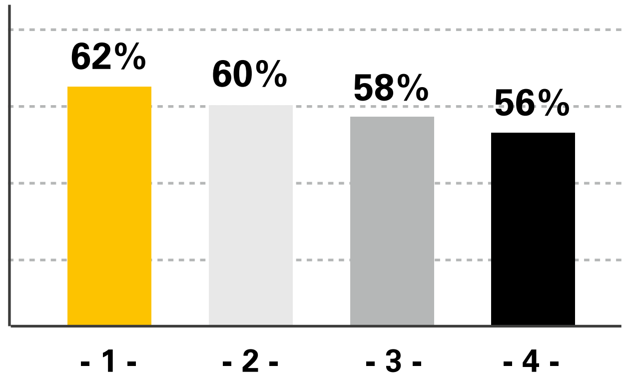
11% have plans to do so in the future



65% want to connect to customers on their own device or using instore devices

94% are already using staff mobile devices to check stock instore

Retailers have many reasons for implementing personal shopping solutions including:



1 - Giving customers control

2 - Running totals as you shop

3 - Satisfying the tech savvy

4 - Offering choice in interaction and transaction

How do retailers use collected data today?

59% manage stock replenishment

54% make better informed staffing and inventory decisions

A survey of 100 respondents in UK, France, Germany, Italy and Spain looking at logistical aspects retail organisations undertake now and in the future. Conducted by IDG Connect on behalf of Zebra Technologies.

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3. Who did we ask?

The value of the physical store is continuously in peril. Online shopping was predicted to make it obsolete. Lately there have been fears that showrooming would see stores becoming financially unviable. Yet predictions have been proved wrong, with online providers such as Amazon, eBay and Google heading in the other direction and now opening their own stores. They have recognised that customers do still want to browse and receive personal service, and that the actual act of purchasing can take place anywhere.

That doesn't mean stores are safe. Today's connected customers do want more. They expect the same services instore that they receive online. That means they expect to be able to research and compare products while they are instore, and then buy or order quickly and easily – regardless of where the stock is actually held.

Zebra Technologies wanted to know if retailers are delivering on these expectations - or at least have a strategy to do so. If the product isn't actually on the shelf can the retailer fulfil the desire to purchase in some other way? Can the customer buy quickly and easily? Do they enjoy an omni-channel world where they can move from online to offline seamlessly? And is store management able to make the most of its USP - face-to-face service?

The particular focus of our research has been on whether retailers are aware of the role that technology can play. Technology enables browsing and buying but it can do much more to help retailers improve the customer experience while also introducing new efficiencies. It can be leveraged to influence the customer journey around the store – pushing personalised messages to customers for example. It can also be used to collect data about customers individually and as a whole to help make better informed management decisions about inventory, store layout and even staffing levels. We wanted to know if retailers are adopting a winning strategy by building on key technologies such as secure guest wifi, personal shopping devices, connected staff and locationing.

To that end we looked at Tier 1 players in the fashion, food and general merchandise sectors to find out what retailers consider important now and into the future. We also compared the state of the market across European countries to discover who is leading the way.

Our survey respondents...

Infographic summary
Who, what, why
In-store technology
Guest Wi-Fi
Assistance
Personal shopping devices
Data
Location marketing
Conclusion

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3a. Our survey respondents

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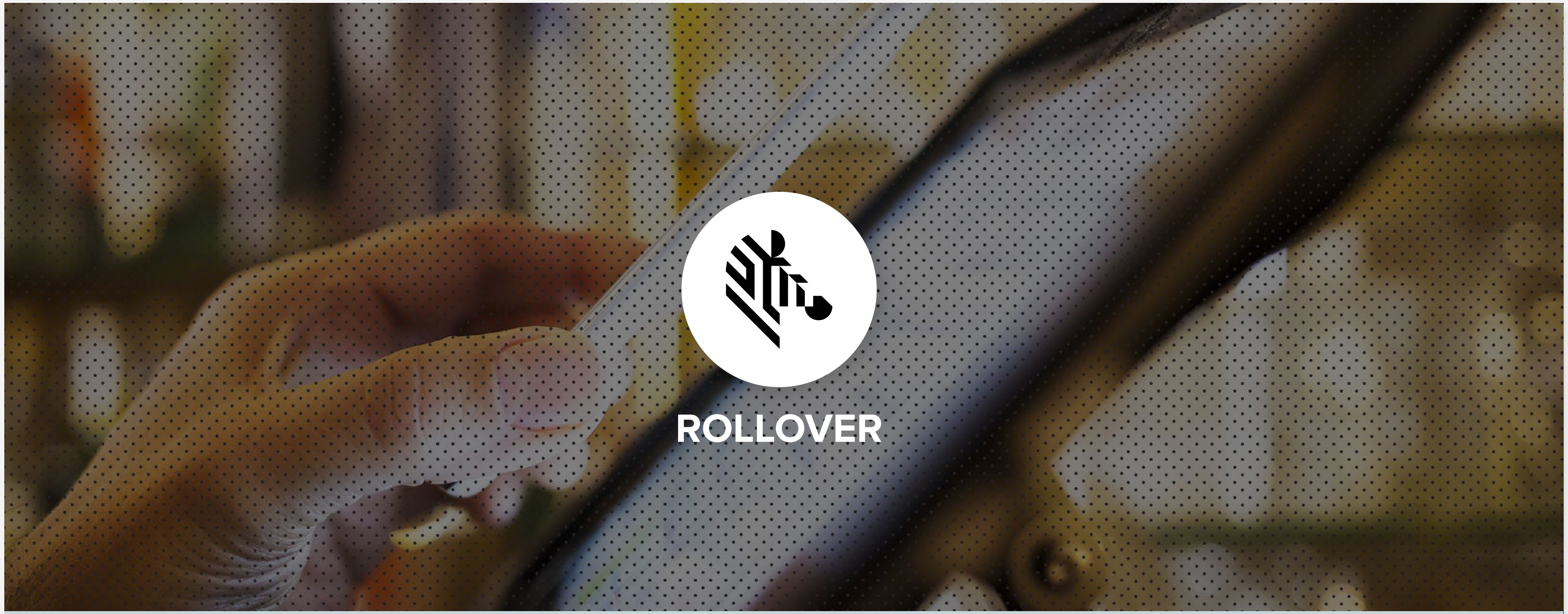
4. Services to influence and understand



When customers buy from a retailer they don't expect to deal with two separate organisations – the physical and the online store. Wherever they are, including in the store itself, they want to access the same information about products and availability of stock, and they want to choose how they buy. Technology can help stores deliver on that requirement for instore customers.

Retailers can provide the information customers want, when they want it, through interactive kiosks, store-owned personal shopping devices, and through mobile apps that can be used on a customer's own device. They can also provide staff with mobile devices so that they can search for stock information on a customer's behalf.

At the same time, retailers can use mobile devices and location-based marketing to personalise messages to the person, the time and the place to ensure pushed offers are highly relevant.

That's the theory. We asked how retailers are approaching these solutions in practice.

The first thing to note is that very few retailers are blinkered to the possibilities and are not planning to offer any of these services. Encouragingly, over 40% offer several of the services.

In store technology continued..

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4a. Services to influence and understand

Guest Wi-Fi is central to the user experience

Most retailers (84%) already offer secure guest Wi-Fi, and that figure is even higher in the food sector (96% offer and 4% plan to offer).

On the other hand, in general merchandising just two-thirds currently offer secure guest Wi-Fi, and 15% have no plans to offer it at all. We think that general merchandisers could be missing an important piece of their technology solution here.

That's because Wi-Fi is the glue that enables retailers to enhance the customer experience by integrating other devices such as personal shopping devices. Guest Wi-Fi enables customers to easily receive valuable information and messages from the retailer in real time as they progress around the store. It's an opportunity for retailers to push personalised messages and collect data that can be used to further understand customers individually and as a group – and one that shouldn't be missed.

Location-based marketing is less popular

If we look specifically at location-based marketing, through the use of beacons and feeding into loyalty programmes, we can see the highest percentage of "no plans" at 13%. Again it's general merchandising that contributes most to this number with 23% saying they do not have plans to offer this service.

General merchandising is mostly lagging behind

Overall it would seem that fashion and food are way ahead of general merchandising in almost every area. We've already mentioned that retailers here are less keen to offer guest Wi-Fi or reap the benefits of location-marketing.

Kiosks are another area to consider. Here 70% of fashion and 68% of food retailers provide kiosks, while general merchandising trails at 31%.

There is good news too. More general merchandising retailers have already equipped their staff with mobile devices (73%) then either food (57%) or even fashion (68%).

Less enthusiasm in the UK

Interestingly, it's UK respondents who appear not to be driving customer and experience through these technology solutions. Across the solutions we discussed comparatively fewer retailers in the UK either offered these services or were planning to do so.

That's true of solutions such as mobile shopping apps and providing staff with mobile devices. On the other hand 83% of German respondents already use mobile devices for staff. Continuing that more positive note, it's interesting to note that Spain and Italy are fully committed to location-based mobile marketing.

Ensuring service readiness

It's good to see that many retailers are seizing the opportunity to leverage technology to deliver the experience customers require and avail themselves of more sophisticated marketing techniques.

The questions that IT leaders need to ask themselves is whether their current Wi-Fi network is up to the task, and if they have a clear strategy for integrating further services. For retailers who haven't fully considered the opportunities or have no plans to implement the solutions, business leaders will need to think about how this will affect their competitive advantage when all around them are forging ahead with technological advances.

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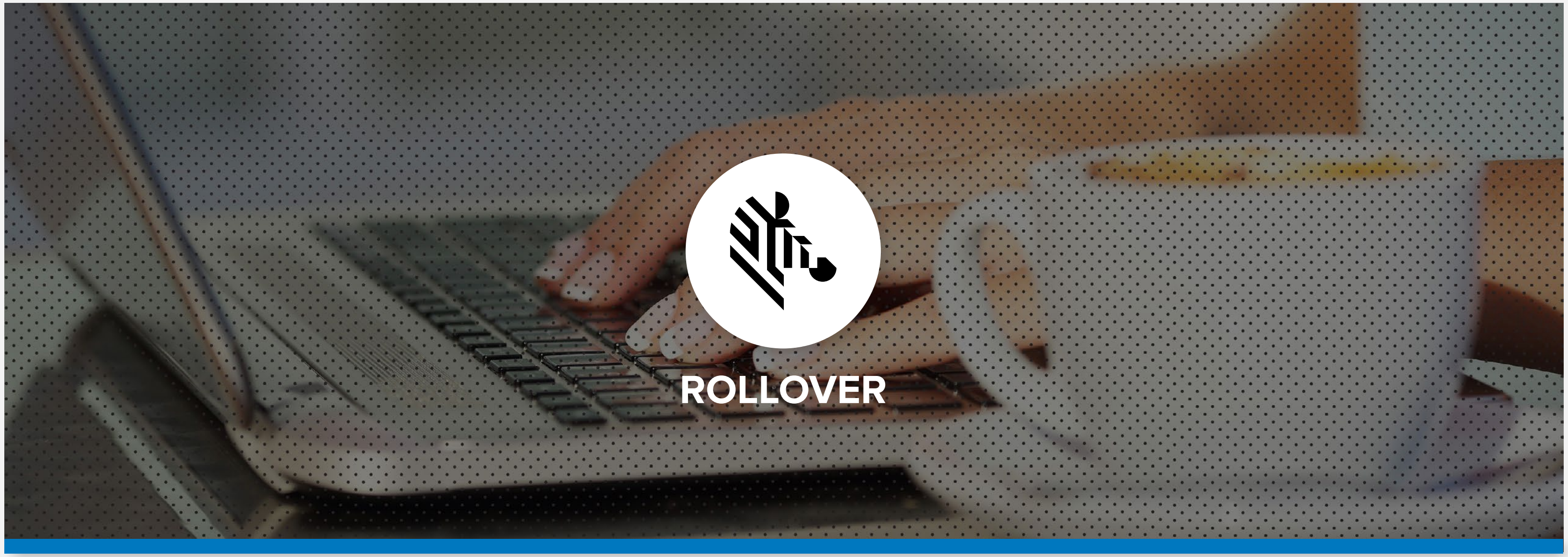
5. Maximising the value of secure guest Wi-Fi



Secure guest Wi-Fi is crucial to building the relationship between retailer and customer. Customers can use guest Wi-Fi to safely search online to read reviews, compare prices, consult friends and more. Of course they can do that with a smartphone without guest Wi-Fi. Where retailers can make the difference is by building on guest Wi-Fi to deliver personalised deals and store maps as soon as the customer logs on and through the course of their journey around the store.

Not only is this an excellent opportunity to push promotions, but it's also the route to gaining a deeper understanding of how the customer shops, to cement the relationship further in the future.

From our survey it seems that most retailers are already making strides to take advantage.

Over half of organisations we spoke to have several uses for secure guest Wi-Fi, from greeting customers personally as they arrive at the store to pushing promotions.

Particularly popular is the desire to provide instore maps and directions based on a shopping list in a loyalty app, with 71% saying they already provide this or plan to do so.

Monitoring customer behaviour is the second most popular use overall, with 65% already doing this or planning to do so. Turning this information into intelligence means that retailers can provide a more valuable service that enhances loyalty. For example, knowing that a customer is dwelling in front of certain products can alert staff to offer assistance and knowledge. However, loyalty can be lost if customers think that a retailer is intruding on their privacy, so this is an area that has to be handled carefully.

Guest Wi-Fi continued...

5a. Maximising the value of secure guest Wi-Fi

Fashion is ahead in personalised marketing

There were a few interesting differences between the sectors around their current or planned use for secure guest Wi-Fi.

Some 77% of general merchandisers want to connect customers to their own devices or instore personal shopping devices. That’s more than food retailers at 68% and fashion retailers at just 57%.

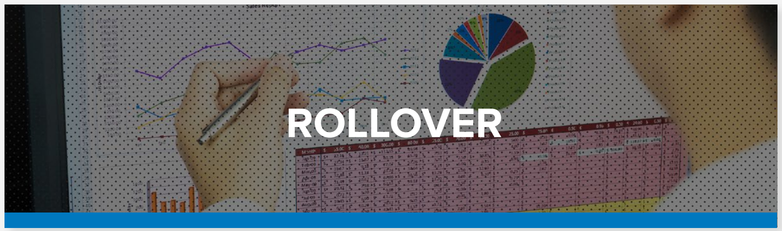
However, it seems that push personalised and targeted promotions are favoured more by fashion retailers (70%) than general merchandising (62%) or food (54%).

Mostly positives across Europe

When we broke down the plans across European countries we could see which services are more popular where.

For example we found that 86% of Spanish and 70% of French respondents want to greet customers on arrival. Some 71% of German and 74% of Italian respondents agreed that they would like to monitor customer behaviour. In Germany, Italy and Spain, over 70% said yes to enabling customers to connect to devices through secure guest Wi-Fi.

As with our previous question about services generally, some of the UK positive responses are much lower - around the 50% mark in many cases.



Putting secure guest Wi-Fi at the centre

Guest Wi-Fi allows retailers to engage with customers more closely as well as providing them with access to the web. Greeting customers, highlighting offers around the store and knowing when to send in a knowledgeable member of staff all work to build a customer experience that engenders loyalty. Retailers may want to spend some time investigating and evaluating the variety of services that they can provide to improve and personalise the customer experience and gain better intelligence. And if they want to expand their services, they will consider carefully whether their guest Wi-Fi is robust, resilient and secure enough for the task.

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6. Connecting staff with mobile devices

A growing number of tech-savvy customers are using their mobile devices instore to compare products, check prices and more before making a purchasing decision. If retailers want that decision to be in their favour then they need to give added value through personal service. That means enabling instore staff to be proactive and knowledgeable in how they approach customers.

From stock check to payment

Our survey shows that almost all retailers are already using mobile devices so that staff can check stock availability in the local store. That's a good first step. But if retailers don't extend that capability into the network to discover what's held in other stores or centrally, then they're really not taking advantage of the technology to track down what the customer wants. They're failing to grasp the opportunity to fulfil customer desires, raise satisfaction and gain loyalty.

Locating stock is just one benefit of equipping staff with mobile devices. The ability to take orders is the next step and that's one that's in transition right now. Around half of our respondents said they already use mobile devices to place orders for later pick up, pick up elsewhere and home delivery, while almost all of the other half said they had plans to implement this in the future.

It's important to keep looking at what the customer wants and how the technology can support that. Too long a queue to pay, for example, won't drive loyalty and can even lose the sale. The payment process can be greatly speed up if staff can take payments on their mobile devices, and 61% of retailers said they already use mobile devices as queue busters to take payment, and another 30% have plans to do so.

Ensuring devices are right for the task

If a mobile device for staff is the way ahead, the next decision has to be which device. What functionality does the device need for the staff to do their job well, and what does the business need from the device?

We asked our respondents to rate a range of facilities that they believe they need. Overall 68% say they need multi-touch interfaces on their mobile devices for ease of use. Being able to scan even poorly printed barcodes is important and 64% want 2D bar code capture facilities. A battery that dies during a customer conversation is frustrating and an example of poor service, so a battery that lasts a whole shift is important for 59%. While data is the focus on this question, 55% still want to use their device for voice communications. And a retail environment is clearly a tough one as 41% also want a rugged design.

Consumer-style devices just aren't designed to provide this level of functionality as standard, even if some of the facilities are available as add-ons. Enterprise-grade devices may at first glance appear to be more expensive to purchase but they do deliver longer term savings. They are designed for the retail environment, offering important functionality as standard without fear of losing performance through add-ons, and they provide the security that is vital to a business handling customer data.

Assistance continued...

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6a. Connecting staff with mobile devices

Segments vary slightly about why they connect staff

We found a few differences across the market segments as to how they are using the ability to connect staff. All the groups are very positive about the first step of checking stock availability in the local store. Fashion is more advanced with checking store availability elsewhere (68%) compared with food (57%) and general merchandising (54%) but everyone says they intend to make this possible in the future.

Significantly more general merchandising retailers (92%) are currently using mobile devices to check pricing than food (54%) or fashion (53%). These two segments have plans to catch up though.

General merchandisers, are on the other hand, lagging a little on taking orders for pick up elsewhere (31% currently) compared with food (43%) and fashion (51%).

Countries have some differences too

While generally retailers are in some stage of enabling stock checks instore, France is leading the way with 100% of respondents saying they already have this capability. The lowest response comes from the UK at 85%, but the remaining 15% aim to catch up soon.

We've said being able to check stock elsewhere is important, and 79% of Spanish retailers and 63% of German retailers lead the way in already doing this.

Spanish retailers are distinctly ahead of the game in taking orders for home delivery through staff devices, with 71% able to do so now. Half of French respondents say they can also do this. At 15% the UK has the largest number of retailers who say they have no plans to do this.

Around three-quarters of Italian and UK retailers say staff currently use mobile devices for price checking. Only 36% of Spanish retailers say they can do this now, but they have plans to implement this.

Positive responses from the UK were lower in several categories. 30% said they have no plans to use mobile devices to take payments, a quarter won't be taking orders for pickup elsewhere and 10% aren't even intending to take orders for later pickup at the same store.

Who needs what in the way of functionality?

It is interesting to see how the market segments see the importance of device functionality.

General merchandising retailers were significantly more positive in requiring 2D bar code capture (81%) compared with food (50%) and fashion (64%).

On the other hand fewer general merchandising retailers said a rugged design was important (27%) compared with food (50%) and fashion (43%).

More food retailers wanted multi-touch interface (75%) than fashion (66%) or general merchandising (65%).

Assistance continued...

6b. Connecting staff with mobile devices

There's still plenty to do

It's excellent news that so many retailers are already using mobile devices to assist customers and manage instore stock. However, it's one thing to be able to take orders and manage returns locally, the question is – when will they take advantage of the opportunity to integrate this capability with stock checking and control right across the supply chain? Efficiency and customer service can be improved if staff can give immediate information about where stock is held outside the immediate store – and then order it on behalf of the customer.

An important consideration in planning a mobile device strategy is to look at which type of devices will meet requirements and deliver real value. While consumer-grade devices look like the best deal in the short term, they will deliver a poor return on investment if they are slow, fragile or fail regularly during the working day.

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7. Empowering the customer

How retailers can engage with their customers while in store is becoming increasingly varied and sophisticated. Instore maps and shopping lists on the customer's device help them find what they want fast. Solutions such as coupon management and running totals enable customers to make the most savings and keep to budget.

It's all about helping customers to find what they want and discover what they desire, feel they're getting a good deal, and get them through the store fast.

Choice is important in giving the customer control

We wanted to investigate whether retailers are implementing these solutions that empower the customer. To do that we first asked what sort of personal shopping solutions retailers thought were important and how much choice is valued.

Nearly two-thirds wanted to offer both instore scanner devices and an app that could run on a customer's own device. Over half also wanted to provide self-service scanners for large numbers of purchases. Half believed a mix of self-checkout and manned tills was important.

The answers very much suggest that retailers understand about offering choices that meet the expectations of a wide range of customers with different needs. To be sure of that, we asked what retailers believed where the most important reasons for offering personal shopping solutions. Nearly two-thirds said that giving a customer control over how they shop and pass through the checkout helps to increase retention and build loyalty.

There are further benefits. For any customer wanting to manage their budgets carefully, for example, being able to keep a running total of expenditure as they shop is invaluable. Any customer wondering how they manage to spend so much every time they pop into a supermarket, say, can benefit from such a facility, and again it's about giving the customer control.

Segments see different advantages

It's general merchandising respondents that are the most keen to offer a choice of self-serve scanners and an app on the customer's own device (77%) compared with food and fashion (both 57%). General merchandising retailers place most emphasis on keeping a running total of costs and are least interested in packing only once.

Given the nature of their business it's no surprise that food retailers put more importance on self-serve scanners for large numbers of items (71%) while half of fashion and general merchandising retailers think this is important. Food retailers also place most importance on giving customers control and meeting the demands of the tech-savvy.

Fashion retailers are particularly interested in giving customers more control and providing more information.

Different approaches across Europe

Most positive responses came from French retailers where three-quarters highlighted the choice of interacting and transacting instore, with 70% also citing meeting the demands of tech-savvy customers, offering a choice of check-out process, and giving customers control.

Other countries opted particularly for choice, control and meeting the needs of the tech-savvy, although priorities are slightly different across Europe.

Again UK retailers generally showed less enthusiasm, with just 40% wanting to offer greater choice for interacting instore.

Personal shopping devices continued...

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7a. Empowering the customer

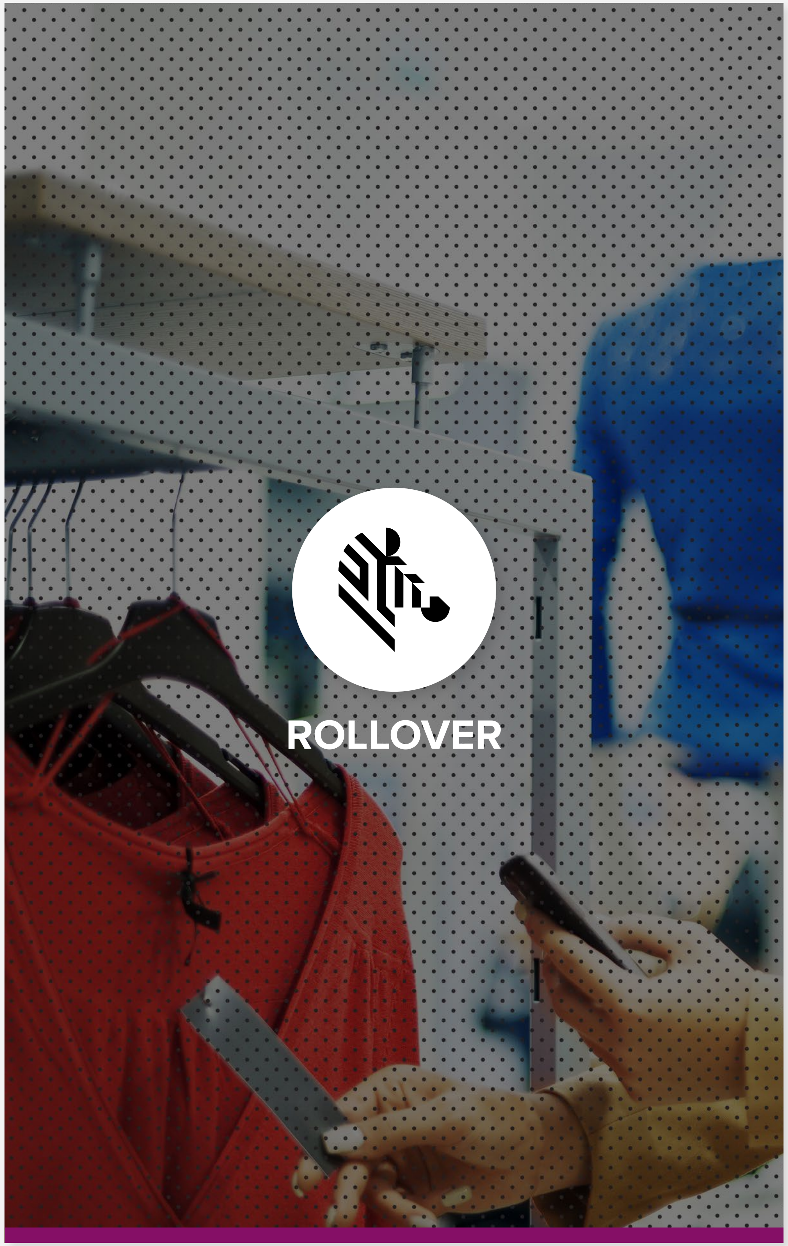
Choice depends on technology and education

When we're talking about competitive advantage, then retailers are well advised to focus on getting the journey through the store efficient and pleasant for the customer. That does mean looking hard at how the latest technologies can help customers to make purchasing decisions and pay quickly.

While we're pleased to see that many retailers are implementing technologies that give customers choice, which is the right direction to be taking, we believe that there are issues to be addressed.

The first is that many retailers are still using legacy technology that can't deliver the more sophisticated services that make personal shopping solutions worthwhile, such as the push promotions we discuss elsewhere. Even where retailers are implementing more advanced systems, they are often running this in tandem with legacy systems. The point will come soon where decisions have to be made about a strategy that takes the business forward.

The second is that customers can't take advantage of the latest technologies if they don't know how to use them. Personal shopping solutions that offer shopping lists, running totals and checkout are not always intuitive. The onus is on the retailers to educate and provide assistance that will increase use and build trust.



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8. Maximising value from data collection

How businesses build on the data they collect about their customers is a major issue. Collecting the information is relatively straightforward, but how to analyse and use it for best advantage are difficult questions. We were interested to know how the retailers in our survey are utilising the data they collect about customers through guest Wi-Fi and loyalty programmes.

Better targeted promotions

On the promotions front we found that almost all of the organisations we spoke to are using or plan to use data for a range of purposes. Already 62% are pushing personalised promotions through vouchers and are delivering special offers and promotions based on past buying history. Almost 100% are using or planning to use offers based on buying history. The same is true of personalised instore promotions to personal shopping devices or a customer's own device, and half have this already in place. More than 60% of respondents are also already personalising promotions through vouchers and pushing promotions online.

Introducing new efficiencies

When we look at improving business efficiency, we can see that almost two-thirds of respondents use the data they collect to understand and manage stock replenishment requirements. Ensuring that products are on the shop floor when customers are looking for them is an important aspect of a good customer experience, and an integral part of the whole stock management process.

Just over half of those we questioned are also using the data they collect while monitoring buying behaviour to inform their decisions about inventory management and where they can improve staffing levels. All these in turn can boost the performance of the individual store.

Food retailers are clearest about data

Food retailers are either using or planning to use all of the strategies we asked them about, with "use today" answers ranging from 50% to 75%.

Pushing personalised promotions through vouchers is used by three-quarters of food retailers but only half of general merchandise retailers. Responses from general merchandisers on the whole for "use today" were lower, and in particular only 38% currently use the data they collect monitoring buying behaviour to help make better staffing and inventory decisions, and 19% have no plans to do this.

70% of respondents in the fashion segment said they already build on past buying behaviour to deliver special offers and promotions.

Mixed results across Europe

Three-quarters of French and UK retailers already push personalised promotions through vouchers. 75% of German and 71% of Spanish retailers already deliver special offers based on buying history. While the UK returns consistency lower reports that they currently use their data for push marketing, there are very few respondents across the region who do not intend to do this in the future.

On the business efficiency side, at least 70% of retailers in all countries are already using data for analytics. Using data for better informed decision-making is less widespread, especially in Germany and the UK (just 30% here), but again there are very few who won't be doing this in the future.

Data continued...

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8a. Maximising value from data collection

How can technology help?

There are plenty of opportunities available to utilise the data collected around customer behaviour instore and their buying history to target promotions and enhance the customer experience. Deeper insight into behaviour enables retailers to get ahead of their customers' needs.

To do this successfully retailers need to have the underlying technology in place that captures that information, such as guest Wi-Fi, beacons, personal shopping devices, and apps for personal devices. Once the technology is there and the data is building, there's an urgent need for a strategy that turns that data into intelligence that can be applied within the business. Advanced retailers are already getting there and will be able to claim competitive advantage and the loyalty of customers.

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9. Monitoring customer journeys

We've been talking about collecting data on customer behaviour, and location-based marketing is an interesting aspect of this.

By monitoring individual and general progress around the store, retailers can use beacons to build "heatmaps" to understand which aisles and spaces are most often travelled and plan promotions accordingly. At the same time retailers can add to their store of knowledge about how individuals shop and what influences their buying decisions.

We were interested to know how retailers are envisioning using location-based mobile marketing in their stores to get closer to their customers and deliver higher levels of service. The good news is that over three-quarters of the retailers we spoke to aim to capture analytics and gain customer insight in this way. Learning which aisles and products customers prefer is only important to just over half though.

65% want to be able to prompt staff to offer help if a customer has come to a stop in any area, with the aim of aiding their buying decision.

Interestingly, while 61% want to deliver special offers based on where the customer is in the store, only 34% want to communicate loyalty offers and promotions. It's likely that retailers recognise they can deliver more generic offers before the customer arrives at the store, while instore location-based offers can only be delivered in real time.

Location marketing continued...

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9a. Monitoring customer journeys

Analytics is important to all segments

All segments scored highly on capturing analytics and gaining customer insight but food was particularly high at 93%.

Only half of general merchandising retailers want to deliver location-based offers, compared to 61% in food and 68% in fashion. General merchandisers are keener to deliver loyalty-based offers (58%) while only a quarter of food and fashion retailers want to do this instore.

French retailers are at the forefront once more

French retailers have scored highly in many of the areas we've discussed, and they're leading the way again here. 75% of French retailers say they want to use location-based mobile marketing to learn about which aisles and products customers prefer, compared to just 43% of Italian retailers at the other end of the scale. Again 85% of French retailers say they want to monitor customer locations so that they can prompt staff to approach customers who are dwelling in an area, while only half of Italian retailers are considering this. 79% of Spanish and 70% of French retailers want to use the technology to deliver location-based offers.

Monitoring delivers results

We believe that retailers who win in the customer experience stakes across all its channels have a better likelihood of building that invaluable brand loyalty. That means learning as much as possible about each individual's preferences and behaviour as they move around the store so that location based messaging is always relevant and help is offered at every opportunity. Location-based marketing can help.

However, it is just one aspect of good marketing strategy . Retailers will be aware that offering promotions where the stock isn't available will have the opposite effect on loyalty to the one intended. So customer relationships, stock management and marketing need to be connected. The successful technology strategy will support the solutions that we've discussed in this report and have the flexibility and strength to support new ideas in the future.

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10. Conclusion

Our survey has determined that the majority of retailers in food, fashion and general merchandising are on course to enhance customer experiences instore through the use of digital technology.

There's a clear commitment to instore secure guest Wi-Fi. Most retailers are either already using or plan to use the personal shopping applications and devices, staff connectivity and data collection that we asked them about, showing a high level of awareness of potential benefits.

Connected staff do use devices to check stock in their store, but there's less use of mobile devices to check stock elsewhere in other stores and the supply chain. Around those mobile devices, the wish list of capabilities that staff can access, such as 2D bar code capture and multi-touch interfaces, almost certainly make consumer-grade mobile devices inappropriate.

Most retailers in the survey intend to use or are already using in-store, location-based mobile marketing to capture analytics and gain better customer insight.

Where now for instore retailing?

We believe that retailers need to move as quickly as possible where they can deliver the best experience over multiple channels. How can they do that?

First they need to understand the customer point of view. That means not just analysing what customers buy, but how they approach their shopping journey, the route they take and the places where they stand to browse as well as how they choose to monitor and pay for their shopping themselves.

By personalising promotions before and during the shopping experience, based, for example, on previous buying history and location-tracking within the store, retailers can make an instore visit more enticing. At the same time offering assistance where it might be needed, when a customer is dwelling in an area, gives instore retailing an advantage over anonymous online browsing.

To conclude sales successfully retailers will want to ensure stock is on the shelves, and if it's not, to enable staff to know where it can be found in other stores, distribution centres or elsewhere in the supply chain, and then order it for delivery instore or at home.

Physically going to the shops can be far more time-consuming than shopping online, so retailers will do well to ensure that speed, efficiency and convenience are built into the instore shopping experience where they are helpful.

These are demanding challenges and retailers will need to call on sophisticated technology to optimise the various strands of data collection, marketing and service delivery and achieve the greatest benefits. A forward-thinking strategy with secure Wi-Fi at the heart is vital.