2019 SPECIAL REPORT: In-Store Mobility

IN-STORE MOBILITY KEY FINDINGS

CUSTOMER EXPECTATIONS

RETAILER CAPABILITIES

63% utilize their mobile phone while in a store to compare prices, look for offers/coupons, check inventory, etc.

→ **49%** indicate that the customer mobile experience is one of their top customer engagement priorities

67% indicate that mobile coupons and promotions are an important factor in determining at which store they shop

→ **57%** offer mobile coupons and promotions to their customers in the store

40% are likely to shop at a store offering mobile point of sale

→ **66%** currently offer mobile POS in their stores

Based on findings from BRP's 2019 POS/Customer Engagement Survey and the BRP Consumer Study.
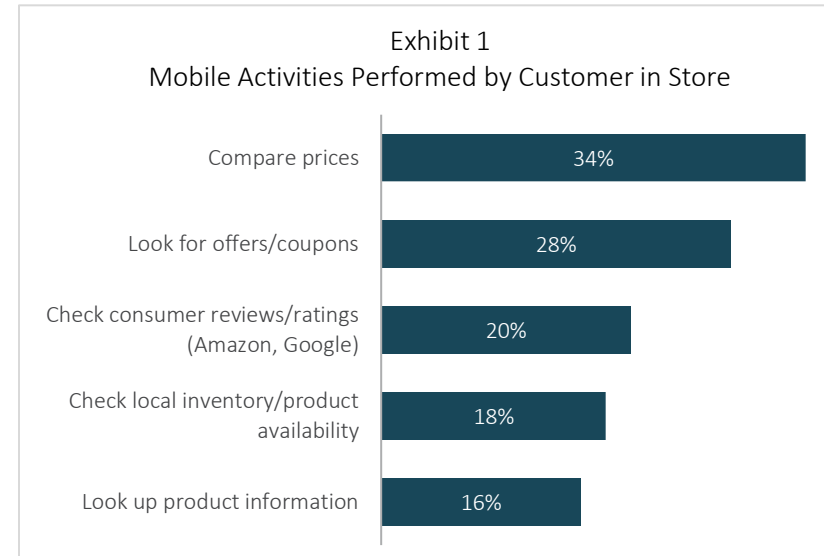
The proliferation of mobile technology

There is no denying the power of mobile technology as a disruptor in the retail industry. Retailers realize that mobile devices are pervasive and recognize that a mobile device in the hands of the customer and associate holds tremendous opportunities to enhance the customer experience in the store.

Mobile devices are ubiquitous in our lives; dramatically changing how we interact with each other, obtain information and shop. Having a constant, virtually unlimited amount of information at our fingertips has changed consumers' shopping behavior and elevated our expectations for customer service.

Today's consumers use their phones to research products before they visit a store. While they are in the store, consumers use mobile devices to research products, compare prices, complete purchases online and increasingly, to pay for in-store purchases (Exhibit 1).

The proliferation of tablets and mobile phones also offers new opportunities for retailers to enhance customer service. Putting mobile devices in the hands of store associates is now a necessity to keep up with the customer who has a plethora of information available at her fingertips.

Mobile point of sale (POS) enables associates to complete a customer's purchase on the sales floor at the moment the buying decision is made. It also frees the associate from the checkout area to allow for more personal interactions on the sales floor and simplifies the checkout process by eliminating the need to wait in line.

Exhibit 1
Mobile Activities Performed by Customer in Store

Activity	Percentage
Compare prices	34%
Look for offers/coupons	28%
Check consumer reviews/ratings (Amazon, Google)	20%
Check local inventory/product availability	18%
Look up product information	16%

Associate mobile devices enhance the shopping experience through access to real-time inventory and customer data and the ability to service customers and process transactions anywhere in the store.

The pervasiveness and ease-of-use of mobile devices offers tremendous opportunities for retailers as the customer takes control of her own retail experience across channels.
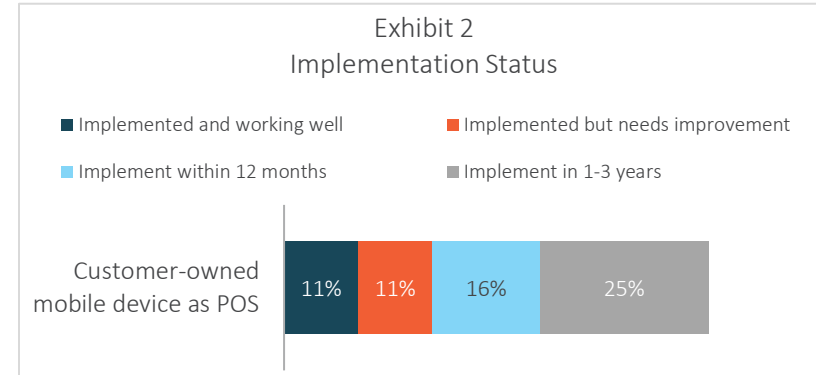
The *SPECIAL REPORT: In-Store Mobility* is based on findings from the BRP Consumer Study and the 2019 POS/Customer Engagement Survey. To download the POS/Customer Engagement Survey visit https://brpconsulting.com/download/2019-pos-survey/

In the customer's hands

The convenience of mobile devices has changed shopping behaviors and elevated expectations. According to BRP's Consumer Study, 85% of consumers have purchased a product via a mobile app on their phone or tablet, and 33% of consumers frequently purchase via their mobile device. Mobile shopping (browsing or buying) will continue to grow as 41% of consumers in the BRP Consumer Study indicate they plan to increase their shopping frequency via their phone or tablet in the next 24 months.

However, shopping via a phone is just one way that mobile devices are becoming more pervasive. Mobile devices also offer further opportunities to enhance the customer experience in the store. Customers utilize their phones while they are shopping in the store as 34% indicate they compare prices and 28% look for offers/coupons (Exhibit 1).
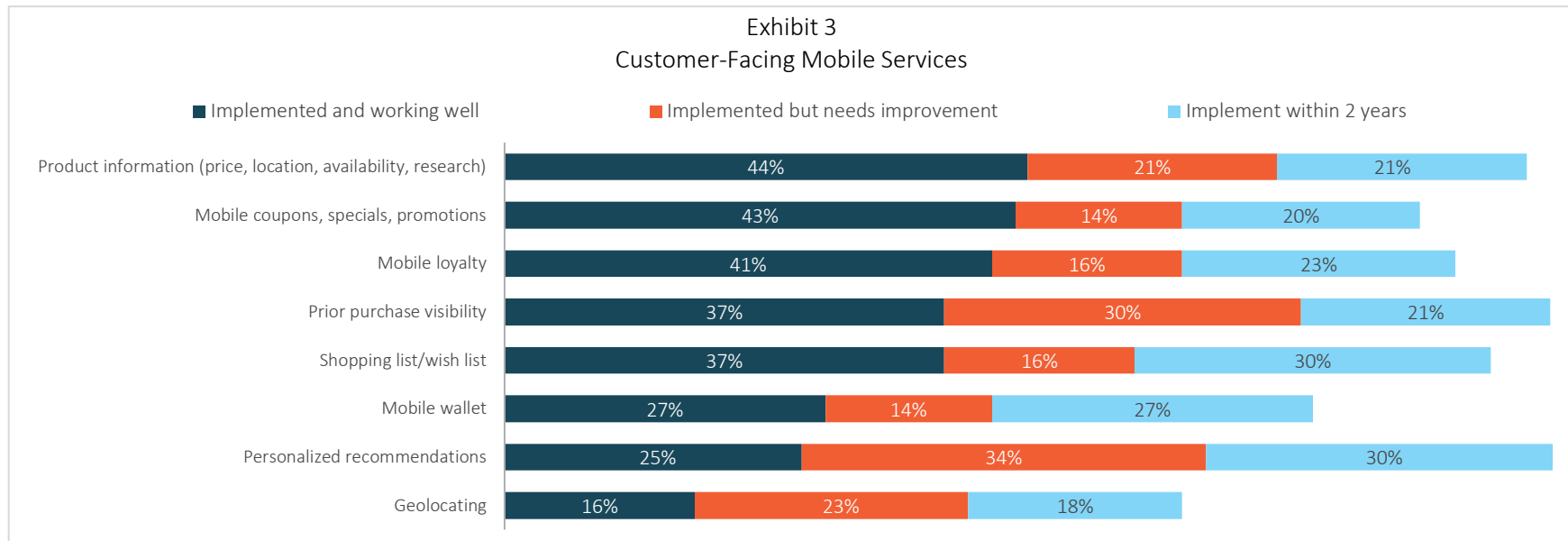
According to the BRP Consumer Survey, 44% of consumers would choose to shop at a retailer that offers a self-scanning mobile app allowing consumers to scan merchandise and check out/pay with minimal employee assistance over a store that doesn't offer this capability. Over the next year, retailers' use of consumer-facing mobile apps for POS (scan and pay) will continue to increase as a means of self-checkout (Exhibit 2). Interestingly, we saw a significant increase in the number of retailers enabling customer-owned devices as POS with 8% offering it last year (and all needing improvement), while this year 22% offer it (although half still need improvement). This is consistent with the trends we are seeing in the industry.

Exhibit 2
Implementation Status

- ■ Implemented and working well
- ■ Implemented but needs improvement
- ■ Implement within 12 months
- ■ Implement in 1-3 years

Customer-owned mobile device as POS	11%	11%	16%	25%

The abundance of mobile devices is only the beginning. Wearables are now available to the masses, with an estimated 46 million Apple Watch purchases made since its introduction in 2015. As wearables become more pervasive, the shopping and checkout experience will change further as shoppers may simultaneously browse online while shopping within the store, and then simply wave their watch to purchase items. The future will likely see new and exciting ways that customers use 'wearables,' which will shape their expectations and experience.

Mobile apps/websites are critical to customer engagement as customers research and shop across multiple channels. Even if the final purchase occurs in the store, most purchases are influenced by digital features. Providing information helpful to customers as they research and shop, such as product information and discounts, gives customers incentives to purchase from the brand.

Utilizing customer-facing technology is a natural outcome from the proliferation of mobile devices and is a big part of the overall

Exhibit 3
Customer-Facing Mobile Services

■ Implemented and working well ■ Implemented but needs improvement ■ Implement within 2 years

	Implemented and working well	Implemented but needs improvement	Implement within 2 years
Product information (price, location, availability, research)	44%	21%	21%
Mobile coupons, specials, promotions	43%	14%	20%
Mobile loyalty	41%	16%	23%
Prior purchase visibility	37%	30%	21%
Shopping list/wish list	37%	16%	30%
Mobile wallet	27%	14%	27%
Personalized recommendations	25%	34%	30%
Geolocating	16%	23%	18%

customer experience. As customers become more comfortable and proficient with utilizing mobile technology and researching information on their own, retailers need to offer expanded customer-facing mobile services to enhance the shopping experience.

In the BRP Consumer Study 34% of consumers compare prices and 28% look for offers/coupons on their phone while shopping in a store. This just confirms that consumers are looking for help and information on their phones and expect that retailers will provide it.

The good news is that retailers are increasingly implementing customer-facing mobile services such as product information, shopping list capabilities, and personalized recommendations via mobile devices (Exhibit 3). In the past year, retailers have increased all areas of customer-facing mobile services. However, there are still missed opportunities to tailor the shopping experience by offering personalized recommendations on customers' mobile devices.

We still see issues with how well these processes are working as the 'implemented but needs improvement' category is still large for most mobile services, which likely indicates that the processes currently in place have been rushed to production before they were fully tested and perfected.
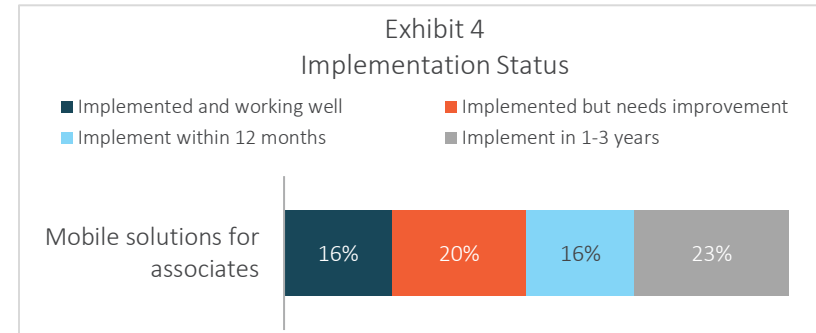
As an associate tool

The proliferation of tablets and mobile phones offers additional opportunities for retailers to enhance customer service. As the focus within the store shifts to incorporate digital technologies, mobile devices play a larger role in personalization.

Over the next year, the use of mobile devices and tablets in the hands of associates will continue to increase (Exhibit 4). Three-quarters of retailers plan to provide mobile solutions to their associates to enhance customer service within three years. This increased rate of adoption is driven by several factors, including the declining price of mobile technology, the growth in maturity and range of tools, and the critical need for store associates to have the necessary tools to enhance the customer experience and "keep up" with the abundance of information that customers have at their fingertips.

Mobile point of sale (POS) enables associates to complete a customer's purchase on the sales floor at the moment the buying decision is made. It also frees the associate from the checkout area to allow for more personal interactions on the sales floor and simplifies the checkout process by eliminating the need to wait in line. This reduces the probability of a customer changing their mind as the purchase can be made as soon as the customer makes the decision instead of having time to reconsider the purchase as they move to the checkout.

Bringing the checkout process to the customer at the moment she makes her purchasing decision (and before she changes her mind) simplifies the buying process for the consumer and maximizes revenue opportunities for the retailer. With mobile POS devices,

Exhibit 4
Implementation Status

- ■ Implemented and working well
- ■ Implemented but needs improvement
- ■ Implement within 12 months
- ■ Implement in 1-3 years

| Mobile solutions for associates | 16% | 20% | 16% | 23% |

associates are free to leave the checkout counter to interact with the customer anywhere in the store. Associates can also use mobile POS devices to answer customer questions, locate non-stocked or special order products and provide product or store information. In today's time-starved society, where everyone wants instant service, mobile POS enables retailers to reduce or eliminate lines and provide exceptional service without wasted trips to the back room.

Mobile is driving retailers to upgrade and replace technology to stay ahead of their competitors' customer experience offerings and to keep up with their very informed and technology-savvy customers.
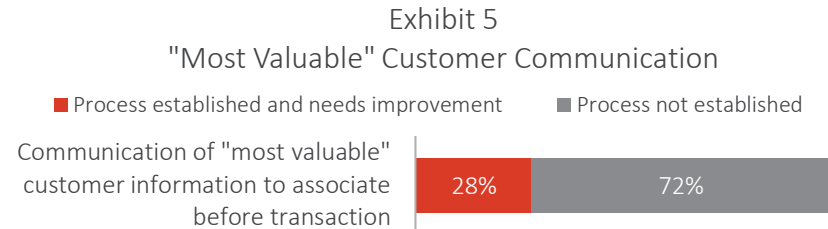
Retailers need to continue to improve mobile capabilities through refined processes, better technology or enhanced training for associates. Powerful associate tools are only helpful if associates are trained to use them effectively, especially when associates are dealing with sensitive customer information. Unfortunately, retailers are continually playing catch-up to consumers that are constantly researching and buying products on their ubiquitous mobile devices.

Critical for customer engagement

How a retailer chooses to implement customer engagement is a key differentiator in personalizing the customer experience. But one of the key criteria is to ensure that sales associates not only recognize your loyal customers, but also that they have the tools in place to personalize the shopping experience by offering specialized offers, purchasing suggestions, or promotions. Having a mobile device that supports this is critical in bringing the experience to the consumer as opposed to the consumer having to seek it out Consumers prefer personalized rewards as a reward for their loyalty to the brand with 68% indicating they would shop at a store offering them over one that did not.

How the organization selects, implements, and incentivizes a given engagement model should be aligned with mobile tools and the end goal to support a customer experience matching or exceeding expectations, with the underlying intent to deepen the customer's relationship with the organization.

While many retailers can identify their loyal customers, only 28% have a process in place to communicate this information to an associate, and all of them feel that the process needs improvement (Exhibit 5). What is even more telling is that 72% of retailers do not currently have any process in place to communicate this pertinent information to their associates before the point of checkout.   Mobile devices and applications are a critical component of a successful plan to meet these changing customer expectations. This is a missed opportunity for retailers to nurture relationships with their loyal customers and provide the "Amazon experience" in the store.

Exhibit 5
"Most Valuable" Customer Communication

■ Process established and needs improvement   ■ Process not established

Communication of "most valuable" customer information to associate before transaction: 28% | 72%

Mobile technology challenges

Mobile capabilities allow retailers to break down the barrier between the online digital environment and the physical store enabling exceptional customer experience. Mobile is driving retailers to upgrade and replace technology to keep ahead of their competitors' customer experience offerings and to try to keep up with their very informed and technology-savvy customers.

While the shift to mobile tools can dramatically enhance the shopping experience and reduce retailers' total technology costs, it brings its share of challenges. As with any new technology, these innovative mobile approaches require a fundamental change in processes and corresponding training to educate sales associates and customers to convince them to try and use the new processes.

The expanded use of mobile devices in the store has also resulted in retailers taking a much different approach to budgeting and executing lifecycle management. These devices have a much

shorter useful life than the legacy POS they are augmenting; often needing to be replaced every 3-4 years. Additionally, the need to plan for batteries that will not last an entire shift and docking stations in the stores are all new challenges for retailers.

To make the best use of these mobile technologies, retailers need to have highly available and redundant in-store networks as well as a holistic approach to real-time retail data. Having a mobile device and engaging with the customer anywhere at any time during their shopping journey will deliver an experience that is as good as the data shared with the customer.

Mobile initiatives are clearly transforming retailers' customer engagement model, operational budgets, in-store procedures and layouts. Mobile capabilities and expectations continue to evolve rapidly and need to be a significant part of a retailer's customer engagement strategy.

About BRP

BRP is an innovative retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

Strategy	Business Intelligence	Business Process Optimization
Point of Sale (POS)	Mobile POS	Payment Security
CRM	Unified Commerce	Customer Experience & Engagement
Order Management	E-Commerce	Merchandise Management
Supply Chain	Networks	Private Equity

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