



iQmetrix

In-Store Technology: Delivering the Shopping Experience Customers Want

Shopping Experience Customers Want

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Introduction: Why must retailers enhance the in-store experience?

Technology has changed the way people shop. Due to the proliferation of online shopping and mobile purchase research, consumers are more informed and less inclined to wait around in-store for assistance. As a result, they have become disenchanted with traditional brick-and-mortar retail.

Consumers are unsatisfied with the current state of brick-and-mortar retail. They are looking for a new, more convenient, informative and engaging in-store experience – one that provides all of the benefits of online shopping, with the primary advantages to shopping in person: the ability to touch and try the desired product and leave the store with it in hand.

The retail industry is in flux and the market is more competitive than ever. External challenges, such as higher consumer expectations and the showrooming phenomenon apply pressure to retailers on top of traditional retail challenges.

In this whitepaper, we will:

- Determine how **technology has changed the way people shop** and increased their expectations of the in-store experience.
- Examine why consumers are **disenchanted with traditional retail spaces**.
- Identify factors driving their access to purchase information.
- Determine how retailers can **attract customers** into their stores and keep them engaged – resulting in higher sales conversion and increased profits.
- Identify strong points of good phone shopping experiences and compare them with the pain points of bad experiences – to break down the keys to the **ultimate in-store experience**.
- Outline ways in which retailers can deliver the informative and convenient customer experience people looking for, in order to create a competitive sales advantage and increase profits.

Technology has changed the way people shop.

Technology has changed consumers' view of in-store shopping. Online shopping and mobile access to information via smartphones allow consumers to determine – prior to setting foot in a store – the product they want, at the price they want, from a store with the most selection. With the growing use of smartphones, shoppers can collect all of this pre-purchase information in a matter of minutes, even while on the go.

In fact, the majority of customers prefer **researching products online** than speaking with store staff.¹

Shoppers are looking for the efficiency, the convenience and the information of online shopping in the in-store environment. **Accenture research** supports this notion: "Today's tech-savvy consumer wants a seamless shopping experience across store, mobile or online at a time that suits them," says Janet Hoffman, managing director of Accenture's Retail practice². "Ultimately, this trend will lead to a new definition of the store; purpose, place and size are all up for debate," she adds.

“ **88% of shoppers are more likely to choose a company that allows them to interact via an online, mobile or self-service device.** ”

"Already we are seeing some shoppers treating stores more like a showroom to test products and then making their purchase online."

Smartphones and shopping apps have changed people's expectations of the in-store shopping experience. **Accenture** found the majority (56%) of consumers believe smartphone technology will make the overall shopping experience more enjoyable². **A 2010 survey of U.S. consumers**³ found that 88% of shoppers are more likely to choose a company that allows them to interact via an online, mobile or self-service device.

"Today's tech-savvy consumer wants a seamless shopping experience across store, mobile or online at a time that suits them," says Janet Hoffman, managing director of Accenture's Retail practice³. "Ultimately, this trend will lead to a new definition of the store; purpose, place and size are all up for debate, she adds."

47% of shoppers use technology to save shopping time¹

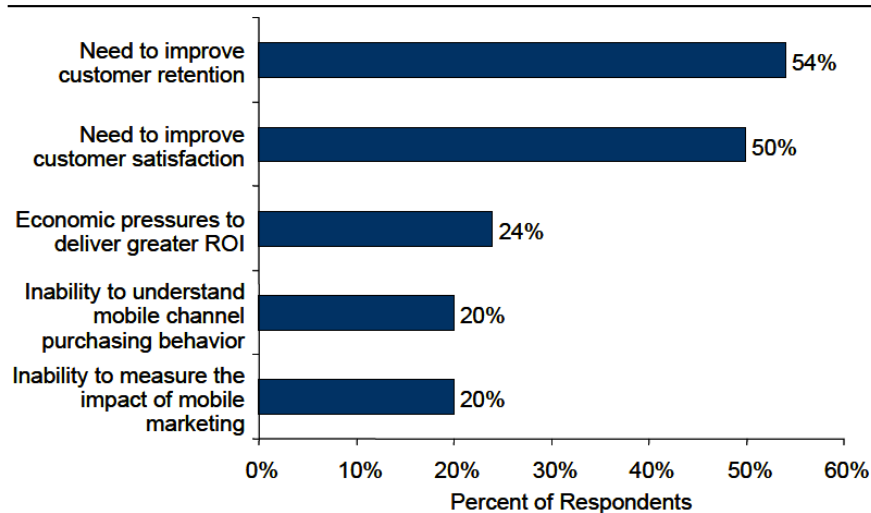


A September 2010 Aberdeen report indicated that 61% of retailers are grappling to come to terms with the increasing functionality (i.e., multi-channel, store, social) and usability of mobile devices amongst consumers. The same report indicated that customer expectations for anytime access to product information, price, feature comparisons, and offer consumption needs (49%) was yet another factor that is leading to greater mobile, tablet, and other device penetration in retail.

The top business pressure that is driving retailers toward device-centric retailing is the pace of change relative to customer shopping expectations (47%). Ever-changing consumer needs are dictating the form and extent of product information search, message consumption, pricing, promotions, affinity, and choice of channels for shopping.

The above pressures are prompting companies to consider the high adoption and scalability of device-centric retailing. “The most critical aspect of this ongoing shopping device revolution in retail is the embedded ease of access and power to leverage unlimited content categories, digital asserts, product reviews, payment options, and other lifestyle elements for a complete shopping experience (before, during, and after a sale).”⁴

Figure 2: Internal Pressures Driving Mobile Channel Initiatives



Source: Aberdeen Group, August 2011

Consumers are unsatisfied with the current state of brick-and-mortar retail.

Shoppers can't find what they're looking for in-store. According to the Motorola Solutions survey, Two in five retailers believe that the inability to find the item they came to purchase is a major source of customer dissatisfaction, second only to out-of-stock items.⁵ Meanwhile, according to an [RIS News survey](#), shoppers said out of stocks were their most annoying experience when shopping in-store.⁶ Given the myriad of shopping options that consumers now have at their disposal, 75% of U.S. retailers believe that developing a more engaging in-store customer experience is going to be critical to their business in the next 5 years.⁵

A recent [Motorola Solutions Survey](#)⁸ found negative phone shopping experiences to include:

- **Long waits for help**
 - 28% of walk-outs ended with an average of \$132 unspent due to deal-habituated behavior, out-of-stocks, limited salesperson assistance and long check-out processes.⁷
 - Over 50% of retail associates said they had little time to help customers because of pressure to complete other tasks.⁷
- **Confusing pricing**
 - Retailers have yet to invest in technology that meets the price-comparison needs of tech-savvy shoppers.⁷
- **Limited phone selection/Out of stocks**
 - 34% of retail managers cited frustration when alerted of an out of stock after getting complaints, instead of knowing ahead of time.⁷

Access to information: Customers know more than salespeople

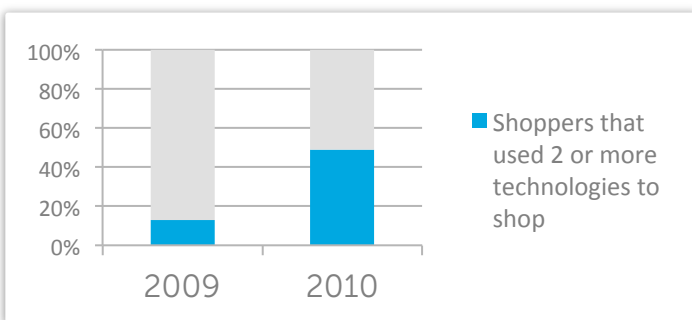
The problem with empowering consumers with more pre-purchase (or in some cases “during purchase”) information is that they often know more about the product they’re shopping for than the salespeople themselves.

Meanwhile, retailers hire the best salespeople available but face common challenges related to training and retention.

The information gap between customers and salespeople further deteriorates the quality of the customer experience.

- 55% of retailers believe shoppers are actually better connected to information than store associates.⁷
- 87% of retailers agree that consumers using online shopping tools and price-comparison apps can easily find a better deal.⁷
- **In-store smartphone research influenced 39% of walk-outs: 12% went online to check other retailers’ prices; 8% checked product availability at other stores.⁷**

According to a [2010 IBM Survey](#)⁸, 49% of shoppers used two or more (online, mobile or in-store kiosk) technologies to shop, a 36% increase over 2009.



All of this data points to a serious need among retailers to better equip their salespeople and stores with additional technology and information.

By allowing shared access to product and rate plan information in-store, wireless retail staff can use interactive technology, like touchscreen kiosks, to guide shoppers through the purchasing steps –

presenting a familiar interface that brings elements of the online and mobile shopping experience directly into the store.

From an operations standpoint, retailers can use these interactive terminals to equip salespeople with the same information that shoppers have. They can train staff on products, increase their sales effectiveness, boost their productivity and commissions, and ultimately improve retention.

The retail industry is in flux and the market is more competitive than ever

Retailers are adjusting to consumer expectations.

Today's shoppers are less brand loyal, as they jump from retailer to retailer to find the best deal. So, not surprisingly, 28.7% of respondents flagged heightened competition as their top external challenge.

A recent [Retail TouchPoints survey](#)⁹ suggests retailers must adjust to changing shopping behaviors and higher consumer expectations. Changing consumer expectations topped the list of retailers' greatest external challenges, with 38.9% of retailers ranking it highest.

Thirdly, 25.5% of retailers identified consumers moving from in-store to online spending a significant external challenge.⁹

Retailers are also feeling consumer pressure to add self-service options. According to a [December 2011 Aberdeen report](#), evolving customer sales channel preference (46%), and rapidly changing customer preference and expectations (43%) are the main factors pushing retailers to add self-service strategies.¹⁵

Consumers are more plugged in and price-driven than ever, largely to the current economic recession as well as advances in online and mobile technology. [The report](#) also indicates that 41% of small retailers feel customers are less tolerant of long transaction times, compared to 34% of mid-size and large retailers.¹⁵

Showrooming is a valid concern for retailers.

Some shoppers treat stores like a showroom to test products and then make their purchase online.

“Several researchers have surveyed the number of U.S. mobile phone users who have comparison-shopped via phone while in-store,” reported eMarketer.com.¹⁰ “Their research has found a comparison-shopping rate ranging from 59% of U.S. smartphone owners (InsightExpress, 2011) to 25% of U.S. mobile phone owners (Pew Internet and American Life Project, January 2012).”

Meanwhile, offering some reassurance to brick-and-mortar retailers, ForeSee Results found that from 2009 to 2011, shoppers are more likely to access the website for the store they're actually in, rather than a competitor's website.

Equipping the store with online-like experiences provides information that consumers would otherwise look up while showrooming. Consumers can make a purchase decision right in the store without reaching for their smartphone or going home to do online research.

Retailers have the same problems they've always had.

In addition to the traditional internal challenges retailers face – including inventory management, staff turnover, and theft – retailers are facing major challenges related to profitability, operations and cross-channel business.

- 51.9% of retailers polled said profitability is their greatest internal challenge.⁹
- When ranking internal challenges in the next 12 to 36 months, 59.6% of retailers ranked profitability first or second.⁹
- 44.7% of retailers cited operations (increasing efficiencies and decreasing expenditures) as a major challenge.⁹
- 40.2% said cross-channel business processes were another major challenge.⁹
- **According to a June 2012 Motorola Solutions survey, 75% of U.S. retailers believe that developing a more engaging in-store customer experience is going to be critical to their business in the next 5 years.**⁵

How to Attract Customers Into the Store and Keep Them Engaged

Shifting mindset from transaction to destination: Enriching the customer experience

The answer is in redefining the purpose and philosophy of a store. At the most recent iQmetrix Retail Summit, Doug Stephens offered his view of the **21st Century retail location**, whose role shifts from being the end of the marketing/distribution channel to becoming the start of the channel.

” Brick-and-mortar retail can win over online shoppers and turn the burden of real estate into a huge competitive advantage by creating social, family experience. Online (shopping) is solitary, so brick-and-mortar stores have an opportunity now to carve out a clear and differentiated shopping experience.

Brian Backus, Kidlandia

The days when the physical store was the sole transactional point-of-sale are behind us. Today, the focus is on customer experience: creating excitement and inspiration, invoking social engagement, offering a relaxing experience through the use of design elements in the space, and providing interactive tools, personal communication devices and friendly staff. These spaces not only build a loyal customer base, but loyal and motivated employees as well.

Technology: Bridging the gap between online and brick-and-mortar retail

Because shoppers are seeking a more informative, engaging and efficient buying experience, a combination of technology and service is the best approach to grab their attention and keep them browsing in-store.

80.3% of retailers said implementing technology enhancements was the top strategy for addressing internal and external challenges through 2015.⁹

” So it’s not (department) stores’ size or location or physical capabilities that are their problem. It’s their lack of imagination – about the products they carry, their store environments, the way they engage customers, and how they embrace the digital future.

Ron Johnson, J.C. Penney CEO and former senior VP of retail at Apple

“Retailers who have the foresight to combine the sensory experience provided by a brick-and-mortar store with the extensive information and accessibility offered by virtual stores are likely to lead the way in attracting the loyalty and wallet of tomorrow’s consumer.”¹¹

A high-tech shopping experience combines the best of physical and virtual worlds, allowing shoppers to obtain the information and convenience of an online experience, while also being able to see, touch and try the products they want to buy.¹

This is especially true of mobile phone shoppers. In spite of being able to research products and prices on the web, they still need to visit a physical store to try out the device.

A 2010 Accenture survey found that customers prefer to buy mobile devices in-store, where retailers can effectively upsell and cross-sell, as well as teach customers how to use the available products and services.¹²

A high-tech shopping experience combines the best of physical and virtual worlds, allowing shoppers to obtain the information and convenience of an online experience, while also being able to see, touch and try the products they want to buy.¹

“Consumers want and value a compelling experience at the point of purchase which is especially important as (mobile) devices become more and more complex,” said John Liesching, Accenture’s executive director, retail, Communication practice.¹² **“Consumers want to touch and feel these devices, as well as learn how to get the most out of them – and the store becomes the perfect place for that experience.”**

To create these engaging in-store experiences, retailers must “introduce technologies such as interactive digital displays, video assistants, social networking technologies and Wi-Fi networks that enable shoppers to remain connected with trusted people and information while they are in the store.”¹

A 2011 Cisco Study¹ found that:

- 56% of shoppers use the web to inform their buying decisions.

- Of these web-informed shoppers, 54% want to try a store that offers a combination of web-like and in-store experiences; 73% would prefer a touchscreen virtual interface in-store.
- A growing number of shoppers (11%, with high representation among young people) use both the web and smartphones to find the lowest possible price.

Jump.ca has decreased walk-outs by 6%, and shoppers who engage with the interactive touch screens typically spend 20% more than those who did not. Two stores currently use the technology, and produce approximately 15% more income than store without the self-service model.¹⁵

” The amount of time a shopper spends in a store (assuming he is shopping, not waiting in line) is an important factor in determining how much he will buy. Over and over again, our studies have shown a direct relationship between those numbers.

Paco Underhill, Envirosell

Empowering consumers to make an educated purchase decision

A March 2010 Aberdeen report found that 42% of the best-in-class retailers added self-service information options to their stores, to help shoppers make an educated purchased decision.¹⁵ Indeed, digital self-service solutions are considered pre-requisites for companies pursuing customer engagement and empowerment to drive sales and loyalty.

- 48% of small retailers plan to deploy these devices to deliver guided selling and product recommendations, compared to 43% of mid-size and large retailers.¹⁵
- 37% of retailers plan to use interactive and real-time digital signage for in-store messaging within the next 24 months.¹⁵

Displaying engaging product content is crucial.

The e-tailing group predicted that 2012 will be a big year for brands to test content and messaging strategies to connect with shoppers. Whether with blogs, videos, or other rich media, the e-tailing group found that retailers plan to invest more in category content (87%), as well as product comparisons (66%) and interactive tools (65%).¹³

“An effective content strategy starts with the product page,” Lauren Freedman, e-tailing group president, explained. “Here, creative how-to guides, video, alternative views and interactive tools all support a more sophisticated, content-rich experience. Video in particular is on every merchant’s radar screen because it helps give customers more confidence in the buying process.”

“Retailers that provide customers more choices in how they interact with the brand (e.g. online, at the store, in social networks, or through their mobile device) and encourage customization of this experience can more effectively engage customers.”¹⁶

Equipping staff with tools to create great customer experiences and close sales

A store’s sales are highly related to the quality of relationships between store associates and customers. Deloitte research shows that conversion rates increased 9% when employees who possess a high degree of product knowledge and demonstrate strong interpersonal skills assisted consumers.

By equipping stores with interactive media, a retailer provides an environment where customers can research products – as they would on their home computer or on their phone – right there in the store.

According to Deloitte, 41% of small retailers are building efficiencies in employee functions, providing assistance to look up product information, inventory availability, and even to self-checkout – all of this to enhance the self-service experience on the sales floor.¹¹

Good Experiences: Shopping for a new phone

In order for retailers to take control of the in-store experience, it's important to consider what types of experiences customers are looking for.

A 2009 study conducted by the Wharton School of Business at the University of Pennsylvania found that, in general, great shopping experiences are characterized by five elements¹⁴:

- **Engagement:** Being polite, genuinely caring and demonstrating sincere interest in helping, acknowledging and listening.
- **Execution:** Patient explanation and advice, checking stock, helping find products, having product knowledge and providing unexpected product quality.
- **Brand Experience:** Exciting store design, consistently great product quality, making customers feel they're special and that they always "get a deal."
- **Expediting:** Being sensitive to customers' time and long checkout lines, and being proactive in helping speed up the shopping process.
- **Problem Recovery:** Helping resolve and compensate for problems, upgrading quality and ensuring complete shopper satisfaction.

In 2010, Consumer Reports surveyed 11,000 shoppers, who indicated keys to positive phone shopping experiences¹⁷: easy activation, fast checkout, vast phone selection, affordable prices and good customer service.

By comparing the findings of the Wharton study with those of the Consumer Reports survey, we can identify the following commonalities:

Consumer Reports survey (2010)	Wharton School of Business study (2009)
Easy activation	This is where Execution is essential. The mobile phone activation process can be tiresome, so any efforts to simplify it will go a long way in increasing customer satisfaction.
Fast checkout	Expediting is a huge factor in delivering a good phone shopping experience. Customers simply don't want to wait in line.
Vast phone selection	A quality Brand Experience meets customers' expectations of store design, as well as product choice and quality.
Affordable prices	A quality Brand Experience also allows customers to easily compare costs of different devices and plans, ensuring they identify a price that works for them.
Good customer service	This, the human element of the Brand Experience , brings together the remaining four aspects of great shopping experiences: Engagement, Execution, Expediting and Problem Recovery.

Delivering positive shopping experiences requires:

- Simplification of the browsing, buying and checkout processes
- Clear presentation of device and plan information, as well as of prices
- Ample choice and product availability (i.e. no out of stocks)

Interactive Retail Technology can deliver all of these requirements...

Interactive Retail Technology: Delivering an Informative and Engaging In-Store Experience



iQmetrix's SaaS solution, XQ Interactive Retail, is a suite of applications that enable retailers to attract, engage and educate consumers in-store and enhance the customer experience and overall purchase process for complex products.



XQ Interactive Retail brings the online experience in-store, showcasing in-depth product information on touchscreen displays, allowing customers to browse in an interactive manner. These displays, filled with rich, engaging media, add a “wow factor” to any retail space.

XQ Creates a Great Customer Experience

XQ Interactive Retail creates high-energy environment that draws customers in and engages them the moment they walk in the store. XQ empowers customers with relevant product information to make educated purchase decisions more easily and quickly. By offering shoppers compelling and user friendly in-store apps that enable customers to make a right choice, **XQ truly creates the ultimate customer experience.**

XQ Boosts Sales Efficiency

XQ Interactive Retail guides customers and staff through the sales process. It presents the information customers need to make a purchase decision, as well as serving as a dynamic sales aid for retail staff, drastically reducing overall transaction time. Using XQ Browse, customers can research the product and narrow down choices before interacting with retail staff, allowing staff to serve more customers in less time.

XQ presents accurate product and pricing information in real time, saving the time and resources required to cross-check or update such information.

XQ Increase Sales and Profit

By providing a quality customer experience, XQ increases brand loyalty and awareness. XQ draws more visitors into the store, and prevents lost sales by keeping customers engaged even when help is not available. XQ also drives sales conversion by influencing purchase decisions at the point of purchase, and increases profit margins by presenting more opportunities to up-sell and cross-sell.

With XQ Interactive Retail technology in place, you'll see a major drop in walk-outs, and a real increase in consumer interest, sales efficiency and profitability.



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