XQ™

Interactive Retail

iQmetrix

XQ Guide

iQmetrix®

Contents

Guide to XQ Interactive Retail

Retailers across the globe are implementing digital signage and interactive media as a means to differentiate themselves from their competitors, provide a better customer experience and reach a demographic with an ever-increasing appetite for digital media.

Interactive retail solutions arrive at the time when consumers both appreciate and expect technology's role in their everyday lives. The world is filled with digital content — at home, at work and at play — so customers are beginning to expect it where they shop.

"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 practice[1]. "Ultimately, this trend will lead to a new definition of the store; purpose, place and size are all up for debate," she adds.

Technology is changing the way people shop. Consumers are treating the store like a showroom to try products, or a distribution channel to pick up products they have already researched and chosen online. Retailers are seeing increasing competition from online, mobile, and

> "Today's tech-savvy consumer wants a seamless shopping experience across store, mobile or online at a time that suits them."
>
> *Janet Hoffman, managing director of Accenture's Retail practice.*

social shopping. Consumers are demanding the same level of engagement, interaction, and information they get online, in the store.

- 63% of shoppers use technology to find the lowest price[2].
- 47% use technology to save shopping time[2].

XQ Interactive Retail allows wireless retailers to bring together the best of bricks-and-mortar and online shopping to deliver a truly engaging customer experience.

What is Interactive Retail?

Most people are familiar with the term Digital Signage, defined as:

Digital signage is a form of electronic display that shows information, advertising and other messages.

Whereas Digital Signage is static, one-way communication, Interactive Retail engages consumers and provides the opportunity to interact.

Interactive retail solutions like XQ are the next generation of Digital Signage, offering retailers the ability to not only attract consumer attention and deliver compelling, dynamic messaging but to have the consumer engage or interact with a touchscreen display and gather product or service information.

The ability to inform and educate a consumer with a self-help touchscreen — and the ability to take the consumer through an experience that influences a purchase at the point-of-sale — is where Interactive Retail delivers the biggest return on investment.

The XQ Interactive Retail solution from iQmetrix transforms the in-store experience with a suite of dynamic in-store apps that educate and guide shoppers through the process of buying a mobile device.

What Issues in Wireless Retail is XQ Addressing?

Negative Buying Experience for Consumers

Buying a new mobile phone is a major decision. But shopping for one can leave customers confused and discouraged. The array of carrier, plan, device, feature and accessory choices is overwhelming and can make for a long and tiresome process: waiting for a salesperson, waiting in line to buy and waiting to have the phone activated.

At any time, customers can give up and walk out. Even if they do leave with a new phone, they may feel uncertain or unsatisfied about their purchase, suffering from "buyer's remorse" as a result of being under-informed.

Consumers are more educated and prefer the online 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.

> Today's shopper is looking for a new, more convenient, informative and engaging in-store experience.

Today's shopper is 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. 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.

Increasing Competition

The wireless retail industry is fiercely competitive. With penetration rates quickly approaching 100% in the U.S., attracting new customers and dealing with churn is a constant battle. In the iQmetrix 2010 State of the Wireless Industry survey, 69% of respondents felt that the level of competition in their marketplace had increased compared to the previous year.

Independent retailers are competing with online shopping in addition to big box stores, putting increased importance on the need to offer a truly remarkable experience.

What is the level of competition in your marketplace compared to last year?
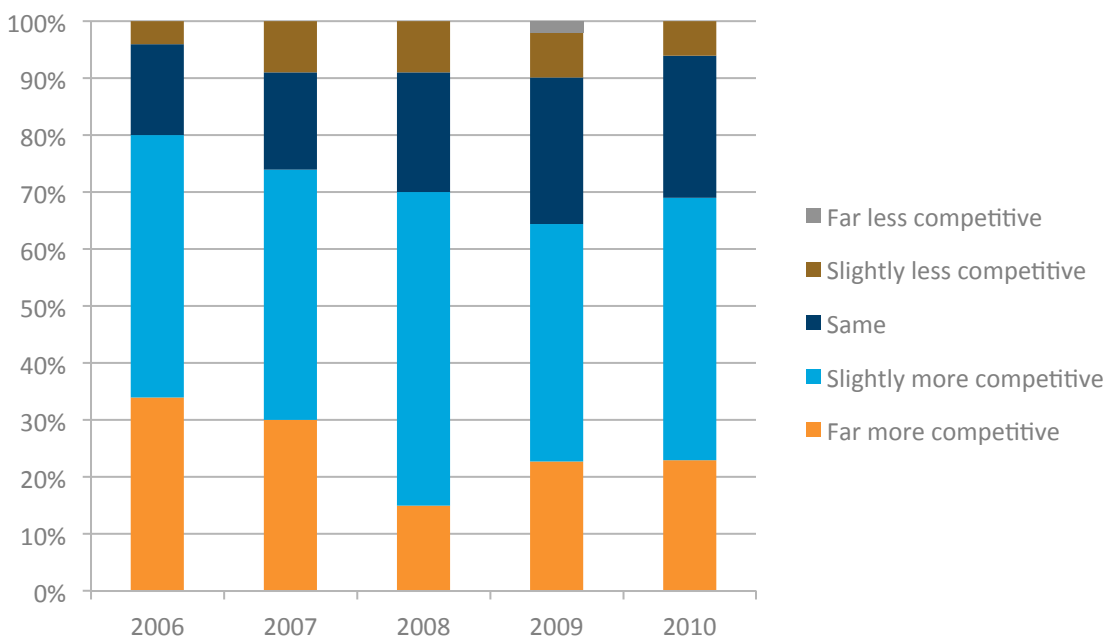
Source: 2010 State of the Wireless Industry Survey - iQmetrix

Wow Shopping Experiences from Big Brands

Brands like Apple are raising the bar when it comes to unique and engaging in-store shopping experiences. RetailWire and Dechert-Hampe recently surveyed retailers, vendors, distributors and other members of the RetailWire service and found that Apple ranks far above other leading retailers, offering the best shopper experience.[4]

The study found the in-store experience to be a key determining factor in overall customer satisfaction, with respondents putting equal emphasis on shopper experience and customer service in terms of overall importance.

Importance to Customer Satisfaction Today

Average Rating: 4-pt. rating scale, from "Somewhat Important" to "Most Important"
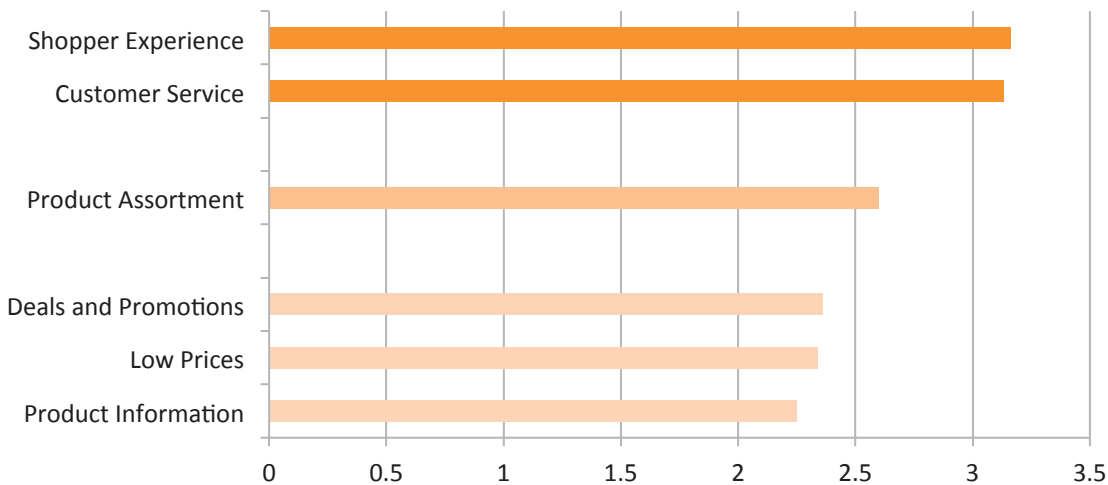
Source: RetailWire

According to the survey, factors that contribute to a good shopping experience include having customer-centric store design, maintaining shopper history data, creating ambiance, and carrying and displaying a well-organized, "rationalized" product assortment. These are all qualities that Apple's retail stores have focused on.

Training and Retaining Retail Staff

Staff turnover in the retail world has been an ongoing problem and one of the biggest areas of concern to independent wireless retailers. In the iQmetrix 2010 State of the Wireless Industry Survey, respondents listed recruiting and retaining staff as the second-biggest challenge they were faced with.

Retailers need more effective ways to train new staff faster and keep them engaged to reduce turnover rates and increase productivity.

What are the biggest challenges you experience in your business?
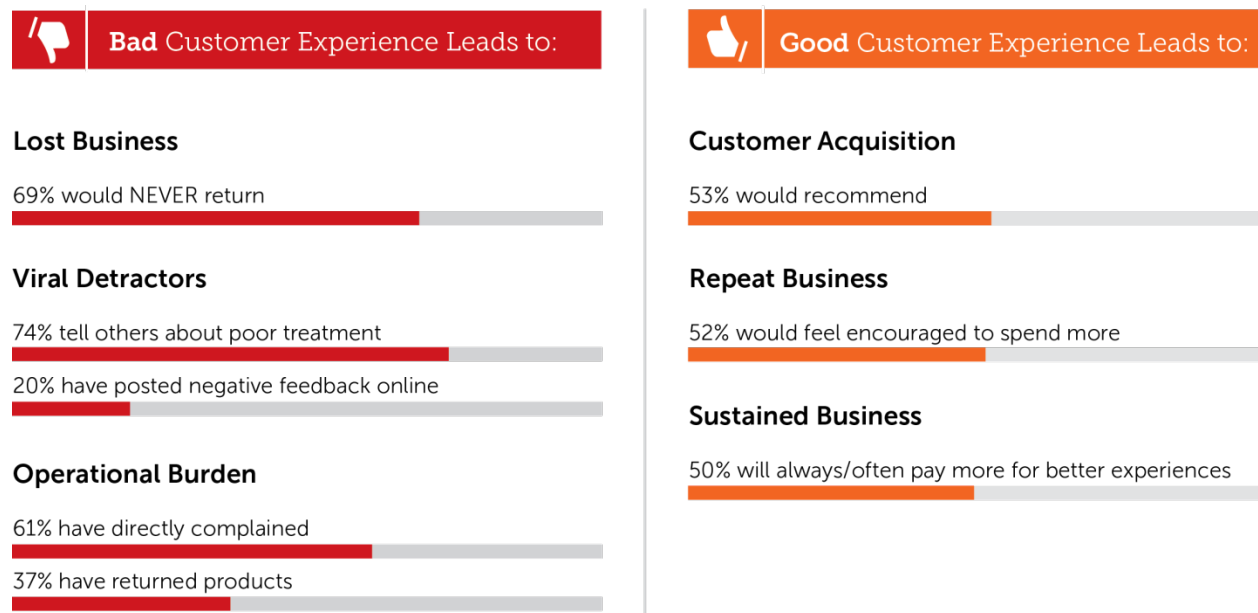
(1 for biggest challenge, 5 for smallest)

Response	2009	2010
Attracting New Customers	1	1
Recruiting/ Retaining Staff	2	2
Controlling Costs	3	3
Retaining Customers	4	4
Managing Operations	5	5

Source: 2010 State of the Wireless Industry Survey - iQmetrix

The Benefits of XQ Interactive Retail

Create a Superior In-store Experience

The in-store customer experience is the most important impression a retailer can make. For 3 out of 4 wireless customers, the store experience is a factor in their decision to do business.[5] The in-store experience presents a major opportunity for retailers to stand out among the competition.

Bad Customer Experience Leads to:

Lost Business

69% would NEVER return

Viral Detractors

74% tell others about poor treatment

20% have posted negative feedback online

Operational Burden

61% have directly complained

37% have returned products

Good Customer Experience Leads to:

Customer Acquisition

53% would recommend

Repeat Business

52% would feel encouraged to spend more

Sustained Business

50% will always/often pay more for better experiences

Source: 2008 Customer Experience Impact Report (RightNow Technologies & Harris Interactive

Interactive retail bridges the gap between online and brick-and-mortar shopping, creating an opportunity for retailers to inform customers about product features, benefits and current promotions.

Consumers are inundated with a wide variety of choices, especially when it comes to choosing a mobile device, so they value information that helps them make a buying decision. Utilizing Interactive Retail technology within the store allows the consumer to learn about available products without feeling pressure from a salesperson. It's just as if they were browsing the retailer's website.

> Interactive retail bridges the gap between online and brick-and-mortar shopping.

Educate the customer: XQ enables customers to research products in-depth, bringing the online experience in-store. Customers can begin the education process even if a sales associate is not available.

Shorten transaction time: XQ simplifies and expedites the browsing, buying and checkout processes.

Create a high energy environment: Interactive solutions invite customers to 'play' and engage – creating a fun environment that draws traffic in.

Enhance your brand: Provide customers a unified experience no matter which of your stores or staff they interact with. XQ enables retailers to easily deliver consistent messaging and promotions across their locations.

Integrate social media tools that customers use every day: XQ incorporates social media tools like Twitter, Foursquare, online reviews and RSS feeds to engageme with today's mobile consumer.

Boost Sales Efficiency

XQ presents the information customers need to make a purchase decision, as well as serving as a dynamic sales aid for retail staff, drastically cutting back on the transaction time. XQ also serves as an effective training tool for ramping up new retail staff.

Speed up the transaction: Using XQ Browse, Customers can build the phone package that suits them and send the order to the POS for quick checkout. XQ allows your retail staff to serve more customers in less time.

Effective Sales Aid: XQ Browse uses dynamic media to guide customers through the process of buying a phone.

Reduced training time: Use XQ to train staff and ramp them up on your products and the process of selling a mobile device.

Customers can start the transaction on their own: Customers can build their own package – device, rate plan and accessories and send it to the POS for checkout .

Increase Sales and Profit

XQ presents messaging and suggestive sell items to influence consumers at the point of purchase, resulting in increased retail profit. Prevent lost sales as XQ keeps customers in the store or at your kiosk when sales associates are occupied.

Increase Store Traffic: Pull customers into the store with dynamic displays and eye-catching content.

Increase upsells: XQ presents suggestive sell items to customers – the right items at the right time.

Eliminate walk-outs: Customers can start learning about the products using the intuitive displays until a sales associate is available.

Increase Repeat Visits: XQ simplifies the mobile buying process for a better experience and increases the opportunity for repeat visits.

The Case for Interactive Retail

There is no doubt that Interactive Retail can have a huge impact on the look and feel of a store.

But does it have an impact on customer behavior? To find out, we conducted a field study to observe customer interactions in traditional and Interactive Retail settings.[6]

Attract Customers: Interactive Retail entices customers to come in, tell their friends, and come back.

Interactive Retail sets your stores apart from the competition. The visual impact arouses curiosity, bringing customers in for the first time. Once inside, the fun and creative atmosphere energizes them. And the ability to easily learn about different products ensures they leave the store happy with their purchase.

> After their shopping experience, customers will remember your brand and tell others.

After their shopping experience, customers will remember your brand and tell others. Seventy-one percent of customers say reviews by family and friends exert a "great deal" or "fair amount" of influence on their buying decisions.[7] The simple phrase "You have to check out this store" can become an incredibly powerful marketing tool.

Our study found that customer traffic was 15% higher in the Interactive Retail store. While other factors may influence traffic, employee interviews reveal that they believe Interactive Retail does draw them in.

For the customer, the impression lasts beyond the one shopping trip. The average consumer replaces their handset every 18 months.[8] For 75% of customers the store experience plays a major role in deciding where they will purchase the next one.[9] Delivering a memorable experience through Interactive Retail increases the chances they will come back to you.

Prevent Walk-outs: Providing customers with opportunities to entertain and educate themselves while waiting keeps them in the store.

Customers hate waiting. If kept too long, they will leave and take the potential sale with them. In traditional stores, if the salespeople are busy, customers tend to wait without looking at the product displays. In the field study, 29% of customers queued up immediately for assistance without any browsing. In fact, while waiting, many of them leaned on the product displays instead of looking at them.
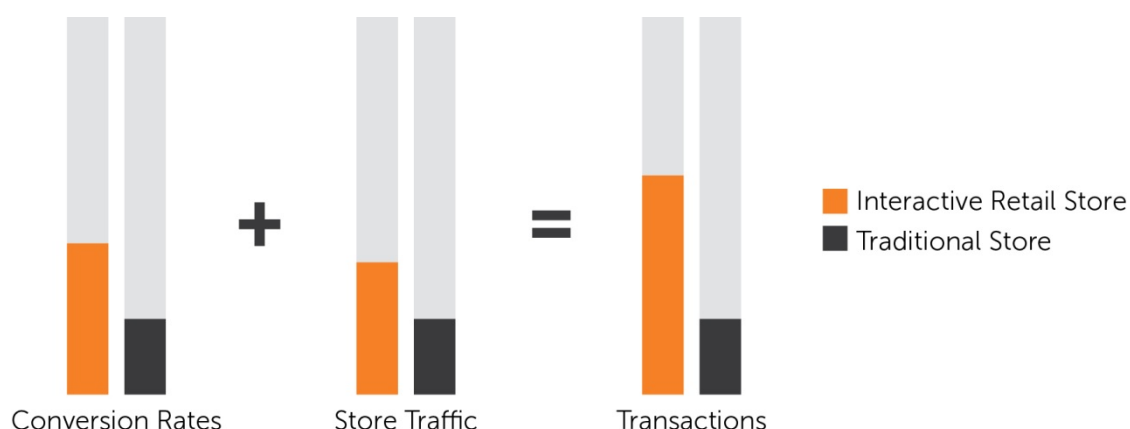
In the Interactive Retail store, customers used the tools to learn about the products while they waited. This kept them engaged until a salesperson was free. During the study period, 9% of the potential customers in the traditional store walked out while waiting. In comparison, no customers left the Interactive Retail store before being helped by a salesperson. And once they did talk to a salesperson they were already more informed, which shortened the sales cycle.

Boost Sales Efficiency: Interactive Retail sales aids communicate product benefits and speed up the sales cycle.

Purchasing a mobile phone is a complicated process and often time consuming. Purchasing and activating a phone can take up to 60 minutes.[8] Spending this time with each customer adds up to longer wait times for customers and increased costs for you. In our study, wireless retail employees estimated that 50% of the sales cycle is spent educating the customer. With Interactive Retail, customers can educate themselves so that many questions are already answered before they approach a salesperson. This drastically shortens the overall sales cycle. Observations confirmed that the time between initial contact with a customer and the sale was cut almost in half at the Interactive Retail store.

It is important to note that self-service is not pursued at the expense of the customer experience. In fact, researchers found that customers preferred to browse different Interactive Retail attractions on their own. Then, when they were ready, they approached a salesperson for assistance.

Increase Sales and Profits: Interactive Retail increases conversion rates and cross-selling.

In the study, conversion rates were 20% higher in the Interactive Retail store than in the traditional store. Combined with a potential 15% increase in store traffic, this could add up to an increase in transactions of 38%.

While browsing device information, the customer can also see suggested accessories and services. Special promotions can be displayed on the screens. Each viewed message provides the opportunity to sell additional products and services.

Drawbacks of Digital Signage

Lack of Content

With most digital signage solutions, you have to start from scratch to generate content. You have the network in place, the displays ready to go and the tools to schedule content but you need a wealth of high quality content to get started and going forward you need to keep the content fresh.

Digital Signage solutions are put in place to communicate, but there is no communication without content. Regardless of where it comes from, content is critical to the success of a digital signage network. Knowing where it will come from is as important as actually having the digital signage network in place. The responsibility for content is typically left up to the retailer and it is a resource intensive process.

On average, organizations with a 100-screen digital signage network in place spend approximately $50,000 a year on content creation needs, whether in the form of a salary for an in-house designer, or fees paid to third-party consultants.[10]

Limited resources to update content

Once you've kicked off your digital signage network, where will updated content conveying your company's products, pricing and current offerings come from?

A digital signage network has an insatiable appetite for fresh content. Because most digital signage solutions don't provide content, let alone push updated content, it's essential that an organization assign a qualified, competent person or agency to create that content. This means an added resource and expense.

Without someone in charge of the network's content, the text, graphics and video being displayed will soon become out dated.

> Digital Signage can be effective in communicating current promotions and products but Interactive Retail Solutions take it a step further, offering self-serve apps that enable customers to quickly and conveniently access information to make a purchase decision.

Lack of interactivity

Most digital signage providers don't yet offer interactive solutions. But the truth is, digital signs can do a lot more when you add interactive functionality. They add new dimension to their effectiveness.

It's one thing to be able to sequence ads or information on a screen with a traditional digital signage network. It's quite another to enable viewers to interact and shape their personal experience using interactive applications with touch screen displays. A single touch can bring up information menus, product catalogs, videos, interactive presentations, Flash demos, promotions and more.

Digital Signage can be effective in communicating current promotions and products but Interactive Retail Solutions take it a step further, offering self-serve apps that enable customers to quickly and conveniently access information to make a purchase decision.
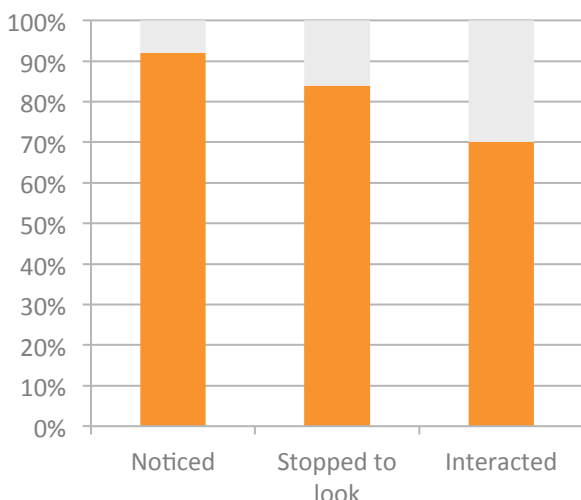
An Arbitron* study found that when more than 26 million mall-based consumers were exposed to a particular interactive display, 92% of them noticed or turned their eyes toward it, 84% stopped to look at it, and 70% actually walked up and interacted with it.[11] That's 18 million people touching a screen for more information.

Difficult to track ROI

When it comes to a digital signage network, the ROI can be difficult to measure. It's often hard to know what effect your content is having on viewers. The reason is largely due to problems in tracking and measuring their response.

For example, the purpose of your signage network may be to generate leads. But, when a lead is generated, how do you know whether your signs stimulated the action? Or, consider sales. Even if you only have a few digital screens in one store and the goal is to lift sales for a given product, how do you know what level sales lift can be attributed to your signs?

Through the use of touch screens and with the ability to tie into the retail management solution data, measuring performance and tracking consumer trends is much easier. Touch screens allow you to track how many times a customer is interacting with the displays, what they are interacting with and what the resulting action is. You can then use the sales data from the retail management solution to track conversion rates and see the impact the interactive solutions have.

XQ Interactive Retail

XQ Interactive Retail from iQmetrix transforms the in-store experience, with digital media solutions that guide shoppers through the process of buying a mobile device.
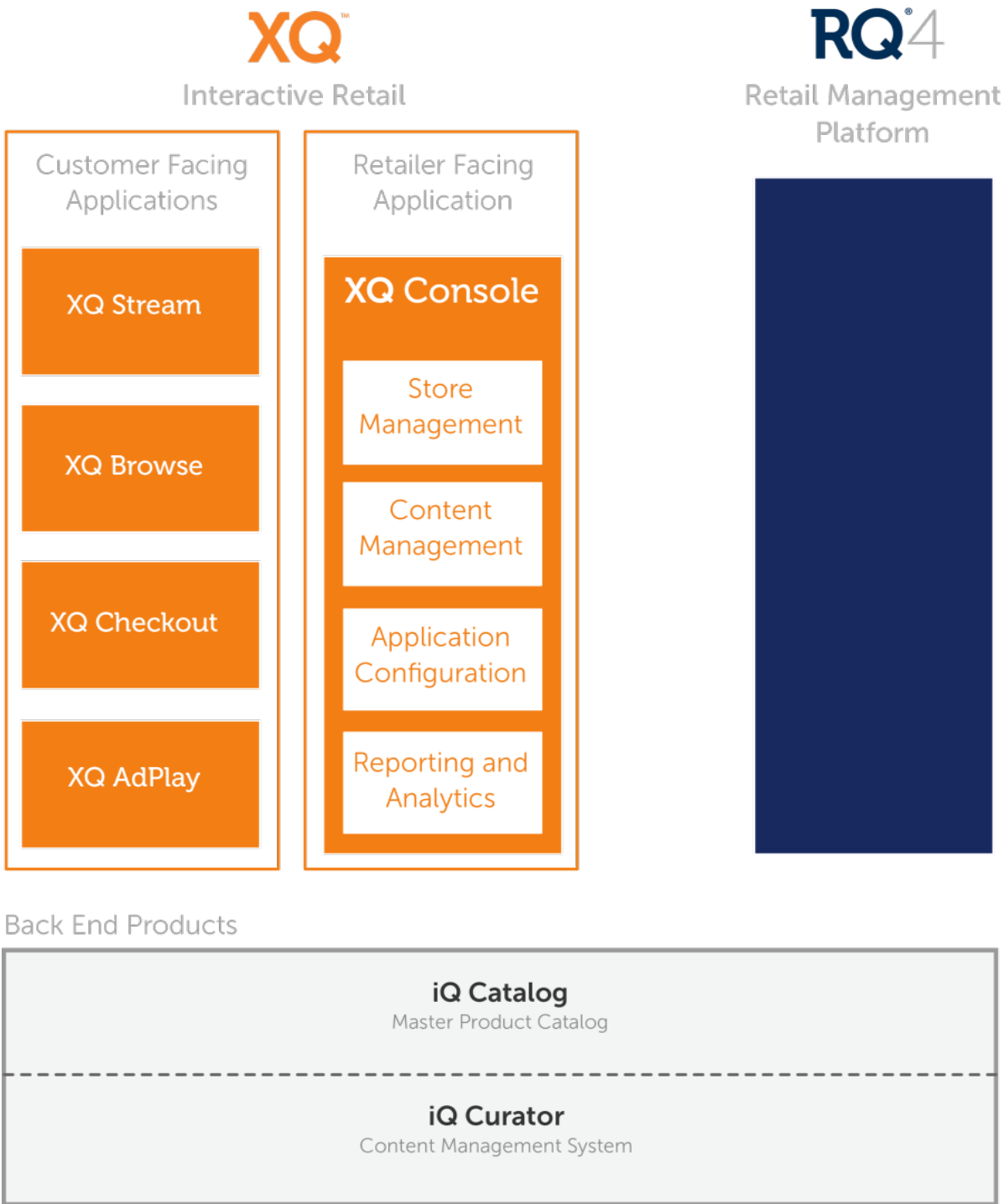
Using interactive touchscreen and multi-touch displays equipped with intuitive Browse and Stream applications, XQ puts relevant product information at customers' fingertips.

The XQ Interactive Retail Platform provides retailers with an easy-to-use Content Management System (XQ Console), which works together with the iQmetrix Master Product Catalog (iQ Catalog) and the iQmetrix Retail Management System (RQ4), offering a comprehensive system to manage both back-end operations and front-end customer experience.

The hassle of sourcing and creating content is eliminated with iQ Catalog. Content such as product images and videos, rate plans and product prices are aggregated and curated from a variety of trusted industry sources, including carriers, manufacturers, distributors and partners. Retailers also have the ability to upload their own unique content.

XQ integrates with RQ4, tapping into product mapping info for intelligent suggestive sell as well as inventory data to identify which products to push and customer profile info to personalize the experience and drive repeat visits.

XQ Components

XQ™
Interactive Retail

RQ®4
Retail Management Platform

Customer Facing Applications

XQ Stream

XQ Browse

XQ Checkout

XQ AdPlay

Retailer Facing Application

XQ Console

Store Management

Content Management

Application Configuration

Reporting and Analytics

Back End Products

iQ Catalog
Master Product Catalog

iQ Curator
Content Management System

Customer Facing Applications

XQ Stream

Attract customers to your store with XQ Stream. Stream presents a continuous flow of interactive content on a multi-touch or touch screen, showcasing what's new and exciting in your store. Stream's use of motion brings life to your store and pulls people in with eye-catching content.

Intelligent product clustering in Stream and Browse increases upselling opportunities by presenting related products and upgrades for each item.

XQ Browse

XQ Browse offers and in-depth shopping experience, allowing customers to browse product catalogs and make a purchase decision. Customers can drill down into the available products and features to find exactly what they need. They can even start the purchase process by "Building a Phone": selecting a device, rate plan, features, add-on accessories and promotions.

XQ Adplay

XQ Adplay allows you to maximize in-store branding and promotion. Adplay displays a variety of ads and videos on designated screens (or on Browse and XQ Checkout screens) when in idle mode. Remotely control and manage ads across all locations and regions through the simple to use XQ Console.

XQ Console
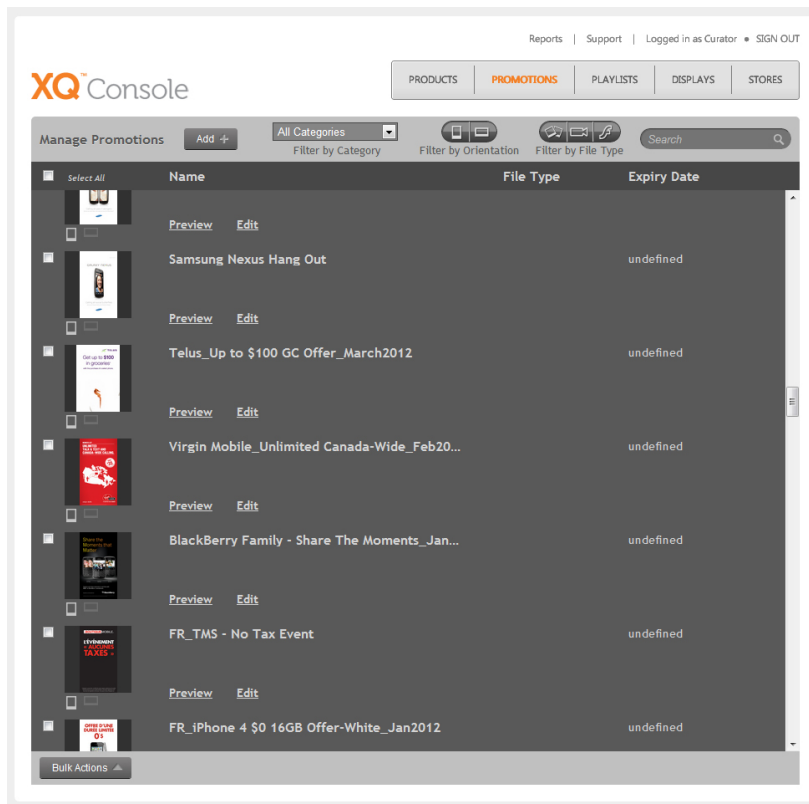
XQ Console makes it easy for you to manage and control content across your network, facilitating the delivery of timely, relevant information.

Store Management
The Store Management platform will allow you to seamlessly present content across your Interactive Retail network and deliver a rich in-store experience.

Content Management
The Content Management system allows you to manage content, campaigns and promotions with the simple click of a button. Content will be sourced from the iQ Catalog and allow you to upload unique content as well.

Application Configuration
Easily adjust featured products and promotions by location or region with the XQ Application Configurator.

Reporting and Analytics
Analyze stats, trends and patterns of how customers interact with the XQ solutions throughout your stores. Identify customer browsing patterns, evaluate the success of in-store promotions and monitor conversion rates.

Back-End Products:

iQ Catalog

iQ Catalog is integrated with XQ to streamline the content management process. Content such as product images and videos, rate plans and product prices are aggregated and curated from a variety of trusted industry sources, including carriers, manufacturers, distributors and partners, and stored in iQ Catalog.

The content is curated by iQ Curator, our content management service, making it easy for you to deliver relevant, timely information across your network. We take care of the work involved in gathering content you decide what to show.

> XQ is fully integrated with RQ4, iQmetrix's leading retail management solution.

XQ is fully integrated with RQ4, iQmetrix's leading retail management solution. With XQ, the customer-facing screens can connect directly with the back-end inventory in RQ4 so customers can see what's in stock, and send desired products directly to the POS for product activation and final sale.

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