HOW BRICK-AND-MORTAR RETAILERS CAN WIN THE OMNICHANNEL BATTLE

Forward-looking retailers are using wireless mobile technology to integrate the dueling worlds of in-store and online shopping, communications and sales.

Jerry is looking at 3D television sets at a big box department store. Lots of things are running through his mind: Should I buy 3D now? Is this unit in stock? Is this really a good price? He uses his smartphone to compare prices at other stores. At the same time, the store's wireless network analytics and in-store location system sends an alert that a customer is browsing for a TV and searching for comparison information on the Web.

A store associate equipped with an enterprise-class mobile computer is alerted and offers personal assistance to the customer. Using his device, the associate looks up the current state of 3D programming and accesses information and reviews of the products the store carries. At the same time, he checks to see if he has a particular model in inventory or can he ship directly to the customer's home.

Armed with all this information, the associate is able to make the sale, and—before Jerry has second thoughts while waiting in the checkout line—uses his device to capture his payment information and complete the transaction right where they're standing.

ENABLING THE OMNICHANNEL MODEL

You can't fight progress. You can't ignore it, either.

Over the last decade, brick-and-mortar retailers have been forced to deal with the Internet and the broadband communications revolution in all its glory: mobile smartphones, tablet computers, texting and Twitter, social networking and the enormous challenges posed by savvy e-tailers. There's no doubt that the invasion of retail stores by these mobile enablers of virtual shopping has been costly. Not just in sales, but in customer loyalty, too. Now, however, retail stores are fighting back with their own aggressive omnichannel strategies based on information provided by their wireless networks.

KEEPING CUSTOMERS CONNECTED

More than 80% of brick-and-mortar retailers will have wireless networks available in their stores by 2017.

Source: Motorola Solutions' "Annual Holiday Shopping Survey Results," December 2011

OMNICHANNEL RETAILING, DEFINED

In its most basic terms, omnichannel retailing means connected customers can shop for and purchase the same items across many different channels. In a retail store. On their home or laptop computers. Perhaps most importantly, on their connected mobile devices, which allow them to shop online for virtually anything, virtually everywhere: on the bus, on the street, in the parking lot, at the kitchen table, in bed. Even while standing in the middle of your sales floor.

SHOPPERS LOVE OMNICHANNEL

Connected customers are hooked on omnichannel shopping. Why wouldn't they be? They can use their mobile devices to easily and instantly comparison shop for availability and price, connecting with your competition virtually whenever and wherever they want. If they're in your store and you don't have what they want in stock, they can use their smartphones to see if it's available at your competitors' stores or at an online e-tailer. If they think your price is too high, they can compare your prices or deals with your competitors. If customers like what they find online, they can buy it online. That usually means they won't buy it from you. The question is: How can brick-and-mortar retailers turn the omnichannel model to their own best advantage?

GIVE THE PEOPLE WHAT THEY WANT

Brick-and-mortar retailers have never been known to shy away from a good fight. That's why it's no surprise that a fast-growing number of retailers are finding ways of leveraging the omnichannel world to create their own competitive differentiation. They're beginning to turn the tide not by continuing to struggle against online retailing and the omnichannel model, but by embracing them.

1 OMNICHANNEL SALES ARE ABOUT SERVICE, NOT SELLING

Jenny enters a high-end department store and logs on to the retailer's guest access WiFi network and mobile application, which she uses to find the location of the women's dress department. The network immediately alerts a sales associate to meet her and she helps Jenny find the perfect dress. At the same time, the store sends Jenny's smartphone a coupon for half-off a pair of shoes. The associate introduces a selection of heels to go with the dress she selected.

Jenny likes a pair and decides to buy them. Unfortunately, the right color isn't in stock in her size, so the associate uses her device to find that the right size and color are available in another store location, and arranges to have the shoes sent to Jenny's home.

NOTHING SELLS LIKE SERVICE

Omnichannel retailing is not about you. It's about your customers and their experience in your store. Brick-and-mortar retailers are quickly discovering how to use omnichannel solutions to delight shoppers with enhanced service. They're integrating both their face-to-face advantages and the efficiencies of the online world to create unique, memorable, combined in-store/online engagements. You make sales by serving customers better, not by selling them harder. This can lead to increased revenues and stronger, more loyal customer relationships.

Technology is the great enabler of service. Utilizing your wireless network and access to your online presence on the cloud system, you can give customers access to all the information they need—streaming video demonstrations, up-to-the-minute inventory information, personalized coupons or offers and more—right at the point of sale. Equally important, you can serve customers with a team of sales associates enabled and empowered by mobile technology. One key is making certain that your sales associates have as much, if not more, information about your products as the customer has. Another is making sure associates have the same customer data—from demographics to purchasing history to shared likes and dislikes—to help them deliver more thoughtful, more personalized service.

One key is making certain that your sales associates have as much, if not more, information about your products as the customer has.

BUILDING STRONGER CUSTOMER RELATIONSHIPS

Over half of brick-and-mortar retailers see improvement of customer service as a primary driver of technology investment.

Source: Motorola Solutions' "Retail Vision Survey," May 2012

2 LEVERAGING CUSTOMER-FOCUSED INTERACTIVE APPLICATIONS

THE APP EXPLOSION

Omnichannel success depends on keeping customers satisfied. The slightest glitch in service or convenience, and they can instantly choose another channel to help them find what they want. Brick-and-mortar-based retailers are addressing this omnichannel reality with a variety of interactive applications and sales processes that enhance the customer experience across all channels, notably inside the store itself. One of the fastest growing is the store's mobile application, accessed through the guest WiFi network. Mobile applications enable a variety of customer interactions ranging from greeting a loyal customer to enabling her to check prices with a barcode scanner to pushing coupons based on her past purchase history. Other applications include mobile check out capabilities that allow associates to accept payment using smart handheld devices, eliminating the frustration of waiting in long,

Dana and Samantha are shopping in a women's clothing store in an outlet mall. After consulting with a store associate, and looking at and trying on a number of garments, they decide to purchase two or three items each. They thank the associate and take their purchases to checkout. What they find is three registers open, but with lines four or five customers deep at each. Unwilling to wait 10 or 15 extra minutes to checkout, they drop their items on the nearest table and leave the store without making any purchases.

inefficient cash register lines. Others include smart dressing rooms, interactive video displays and apps that allow customers to more easily navigate your store.

The rise of omnichannel retailing means that application innovation is continuing at a rapid rate with new apps appearing seemingly every day. But customers have only so much space on their smartphones and only so much time to spend on learning new applications. That's why on the horizon are so called "over-the-top" apps, single applications that customers can use across a number of

different, even competitive, retail operations. These omnichannel applications provide customers with value when they're not in your store—think shopping list aggregation—then add retailer-specific functionality inside the store. This includes viewing a store map; getting product information by scanning shelf or kiosk barcodes; accessing selected social networking tools such as likes and peer reviews; finding online help; seeing limited price matching from respected retailers; requesting associate assistance and streamlining electronic payment.

CHECKOUT GETS PERSONAL

Within 5 years, retailers expect more than half of all customer transactions will be completed using self-checkout on mobile devices.

Source: Motorola Solutions' "Retail Vision Survey," May 2012

3 GAINING INSIGHTS FROM OMNICHANNEL ANALYTICS

A grocery store's wireless system identifies Kathy as a loyal customer when she enters into the store. Based on the data the store's network application has collected about Kathy—including purchase history and shopping behaviors—the store knows that she normally starts at the deli kiosk by the entrance and that she almost always buys a pound of turkey and American cheese.

Having filled the deli order, the system then pushes a message to Kathy's smartphone, alerting her that the order is ready in addition to a personalized coupon for a discount on fresh baked bread, which she can find in aisle four. Kathy is pleased and uses the coupon to buy the bread. The retailer is pleased that they have both a satisfied customer and larger basket.

ENHANCING EXPERIENCES WITH INFORMATION

Collecting and leveraging customers' personal information have long been staples of online retailers to provide personalized recommendations, but brick-and-mortar stores are catching up quickly. By more closely integrating their online and in-store operations, they're enhancing their knowledge and understanding of customers through integrated data collection and analytics. For example, when a woman logs onto to a garden center's WiFi network, the system sees that she has recently purchased vegetable seeds and sends a coupon for 25% off fertilizer to her smartphone. A home improvement store associate sees that a customer is an avid birder so he shows him the store's new shipment of birdhouses. A pharmacy informs a loyal customer that her prescription medication has become an over-the-counter drug and offers her a personalized introductory discount.

The system makes information—ranging from demographic and psychographic data to purchasing histories to personal shopping behaviors—available to sales associates on the floor. As in virtually everything omnichannel, the key is making sure that every store and every associate has access to the crucial customer information your network has accumulated. The more you and your employees know about your customers, the more you'll be able to provide more personal, more consistent, more satisfying and more differentiating customer experiences.

> The more you and your employees know about your customers, the more you'll be able to provide more personal, more satisfying customer experiences.

FRIENDING IS TRENDING

By 2017, more than half of retailers plan to make use of psychographic metrics using social network data.

Source: Motorola Solutions' "Retail Vision Survey," May 2012

4 MANAGING THE OMNICHANNEL SUPPLY CHAIN

Dan and Tim visit a sporting goods store to purchase gear for a fishing trip they're taking in two days. Among other items, they choose top-of-the-line fly fishing vests. Unfortunately, one's size is out of stock. The sales associate uses his smart mobile device to locate the correct size in another store location. The customer agrees to have the vest shipped to his home, but only if it can be there in two days.

The sale is made, the supply chain is engaged and the vest is delivered overnight in time for the trip. The fishing is excellent.

BEHIND THE SCENES BRANDING

In-store and online aren't the only ways omnichannel customers interact with your store and your brand. The truth is, a crucial part of the shopper experience happens at the customer's mailbox or front door. If the delivery is on time, the experience was positive. If it doesn't arrive when promised, you have a dissatisfied customer. The speed of omnichannel retailing can place substantial new demands on the supply chain, especially for premises-based retailers. If the customer's purchases aren't in stock, the traditional take-it-home-with-you advantage disappears. Now you have to compete with online retailers who offer numerous shipping options, including next-day delivery and even same-day delivery.

Brick-and-mortar retailers are relying on their wireless mobile systems to enable more effective management of their supply chain, warehouse and shipping environments. Although the customer nirvana has always been same day delivery, what's most important is actually time-defined delivery, usually within a 2-4 day window. The truth is, only a small percentage of online shoppers are willing to pay extra for expedited delivery. What shoppers most want to know is when their goods will arrive. If they arrive within the promised time frame, the customer is satisfied. The key is a wireless network that provides real-time visibility across the supply chain to enable accurate, reasonable delivery estimates and streamlined warehouse and logistics operations to ensure deliveries are made within those estimates.

DELIVERY DIFFERENTIATION

Amazon and other e-tailers are investing in the capability of offering same-day delivery for customers in urban areas.

Source: Amazon.com and Business Week

5 BREAKING DOWN THE SILOS BETWEEN IN-STORE AND ONLINE

Bob enters a location of a 10-site, 4-city regional bookstore. He is greeted by a sales associate and immediately asks if he can use a 40% discount he's received online from the company's outlet website in this store. The associate has never heard of such a discount, and as he calls up his manager to try to decide what to do, Bob mutters "I guess not" and leaves the store.

ASSURING CONSISTENT CUSTOMER EXPERIENCES

When in-store operations and online merchandising channels exist as separate silos that don't consistently talk with each other, customer experiences and sales can suffer. The omnichannel model gives brick-and-mortar retailers the opportunity to interact with customers in many different ways. Face-to-face in their stores. On their guest WiFi network. On their online e-commerce site. On their store mobile application. On e-tailing partner sites. Connected customers are well prepared for this model. No matter where they are, no matter what device they're using, they know how to connect with your store virtually anytime they choose. Retailers themselves, however, may not be as prepared for the omnichannel world as their customers are.

Many brick-and-mortar operations have fallen into the "silo syndrome." They're organized into separate teams: in-store, e-commerce, network application, outlet management and more. All too often, these silos and teams are neither integrated nor coordinated, so much so that they can even end up competing with each other. That can cause customer brand experiences that may not be consistent across all channels, which can lead to customer confusion, dissatisfaction and loss of business. That's a problem that omnichannel retailing is helping to eliminate, as the problems caused by lack of communications among silos become more and more apparent. The reality is, as retailers better understand the benefits of omnichannel, they more clearly see the need to break down the internal barriers that can lessen or negate those benefits.

> **Brand experiences that may not be consistent across all channels can lead to customer confusion, dissatisfaction and loss of business.**

SO LONG, SILOS

More than half of brick-and-mortar retailers believe that integrating e-commerce and in-store experiences, and the integration of multiple retail systems, will be important over the next five years.

Source: Motorola Solutions' "Retail Vision Survey," May 2012

OMNICHANNEL BECOMES OMNIPRESENT

For a growing number of in-store retailers, the online/omnichannel battle is over. Today's forward-thinking, in-store retailers have decided to embrace the omnichannel retailing model and adapt it to their own needs. They're using the empowering, technology-driven customer service enhancements and operations benefits of omnichannel to drive revenues by doing what successful brick-and-mortar retailers have always done: give the customers what they want.

MOTOROLA RETAIL LEADERSHIP SERIES

This white paper is one of a series examining the challenges, the opportunities and the realities of how technological innovation is shaping the retail industry.

For more information visit www.motorolasolutions/retail

MOTOROLA *SOLUTIONS*