



# INTEGRATING MOBILE ACROSS ALL TOUCH POINTS

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EXCLUSIVE SURVEY REPORT



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# EXECUTIVE SUMMARY

Retailers face a dynamic environment with many changes and challenges. In the hands of consumers and sales associates, mobility is a powerful driving force. To assess retailers' progress with mobile technology, and to help determine go-forward plans, Motion Computing sponsored a survey that was conducted by Retail TouchPoints.

The March 2013 survey collected responses from 101 retail executives (94 retailers and 6 Consumer Packaged Goods companies). The respondents represent a diverse swath, with Specialty Softgoods, Specialty Hardgoods and Grocery representing about half of the categories. Big Box, Electronics, Pharmacy and Office Supplies also were represented, as were others. Most were from the U.S.

Retailers are realizing that mobile technology gained critical momentum in 2012 and 2013. Smartphones influenced 5.1% of annual retail store sales in 2012, translating to \$159 billion in forecasted total sales, according to 2012 consumer [research from Deloitte Consulting](#). This total is expected to grow to 19%, or \$689 billion in brick-and-mortar transactions by 2016. To meet the demands of mobile-enabled shoppers, retailers must be armed with equal or better mobile

technology. Currently, close to half (49.5%) of retailers operate a mobile web site, according to the study, titled: Integrating Mobile Across All Touch Points.

But more than one third (30.7%) of merchants still do not have any mobile technology in use, although they state they are "working on a strategy." Much further delay could cause these merchants to lose a foothold on their current and future customers.

When asking consumers about their most recent shopping trip, Deloitte found that 72% of smartphone owners indicated they made a purchase on that day, compared with 63% of shoppers who did not tap into their devices within the same period.

To keep pace with this evolution, retailers must "determine how they can take advantage of these changing consumer behaviors and determine how they can utilize mobile more effectively," stated Kasey Lobaugh, Direct-to-Consumer and Retail Multichannel Leader at Deloitte Consulting LLP, in an interview with Retail TouchPoints.



49%

Of retailers have a mobile web site today

# BRINGING MOBILE INTO THE STORE

The term 'omnichannel' is all the rage in retail right now. But whether it's called 'omnichannel,' 'cross-channel' or 'multichannel' the meaning is the same: Retailers must provide a consistent message across all channels and include mobile technology in the mix.

Some innovative retailers have begun implementing mobile technology solutions in addition to mobile sites. A selection of strategies includes:

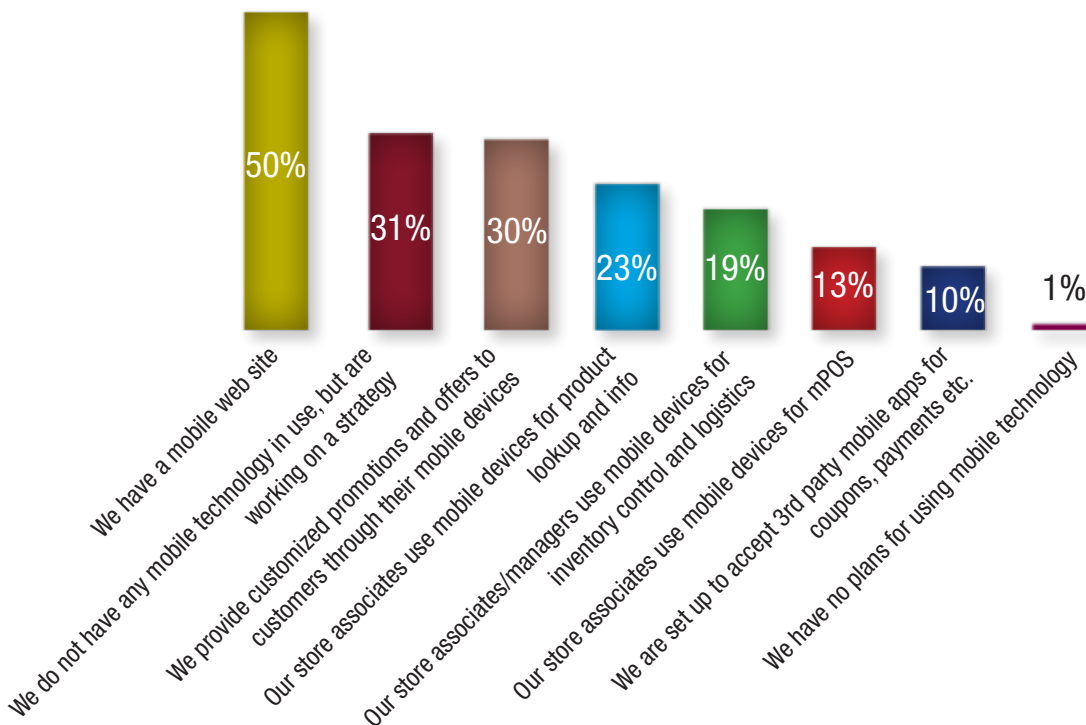
- We provide customized promotions and offers to customers through their mobile devices (29.7%);
- Our store associates use mobile devices for product lookup and info (22.8%); and

- Our store associates/managers use mobile devices for inventory control and lookup.

Other retailers are delving deeper in order to evaluate current mobile programs. **Adidas** currently is calculating ROI on mobile technology with [a new solution](#). The retailer has found out that:

- 1 out of every 5 consumers who visited the mobile site store locator page went into an Adidas store;
- 4% of those who clicked on an Adidas store locator translated into an actual sale; and
- Each Adidas store locator click on mobile is worth \$3.20.

## Where is your organization in terms of mobile implementations?



# A NEW ERA OF MOBILE POS?

One of the most significant deployments for most retailers will be the incorporation of mobile POS (mPOS). It's happening slowly in the industry right now. Just 12.9% of retailers surveyed said their store associates are able to complete transactions using mobile devices.

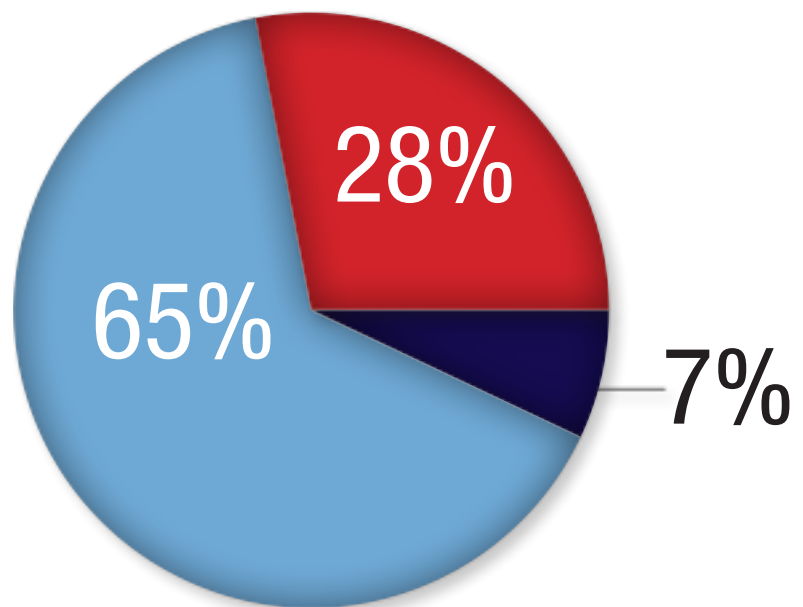
But, as more retailers make the move, the market will begin to saturate. **Finish Line**, for example, recently transitioned 638 stores to mPOS. "This deployment is a foundational step to an ever-developing omnichannel experience, and is one of the many ways we continually innovate for our customers," said Terry Ledbetter, CIO of Finish Line. Looking toward the future, he noted that the devices "will allow us to tailor relevant messages to our customers as they engage at the POS, and allow us to support contactless payment applications as these solutions gain broader acceptance."

For **Moosejaw**, mPOS has exceeded expectations. After eight months of deployment, a total of 72% of transactions were completed using mobile devices, noted Bryan Lively, VP of Retail. He explained: "We anticipated that approximately 25% of all transactions would take place on mobile devices. Within the first eight months of our rollout, we raised that goal to 70%. We've consistently maintained — or exceeded — that rate over the last year."

Merchants also are looking at the plausibility of incorporating mPOS with traditional POS in their stores. Just 6.9% of retailers surveyed said they plan to eliminate all traditional POS stations, while 65.3% noted that they plan to have a combination of traditional and mobile POS.

## Will adding mPOS mean a rip-and-replace of all traditional POS stations (mPOS, or Mobile Point of Sale, defined as: the ability to view or create a ticket and take payment with a mobile device)?

- Yes, we have eliminated/will eliminate all traditional POS stations
- No, we will have a combination of traditional and mobile POS
- We have no plans to add mobile POS



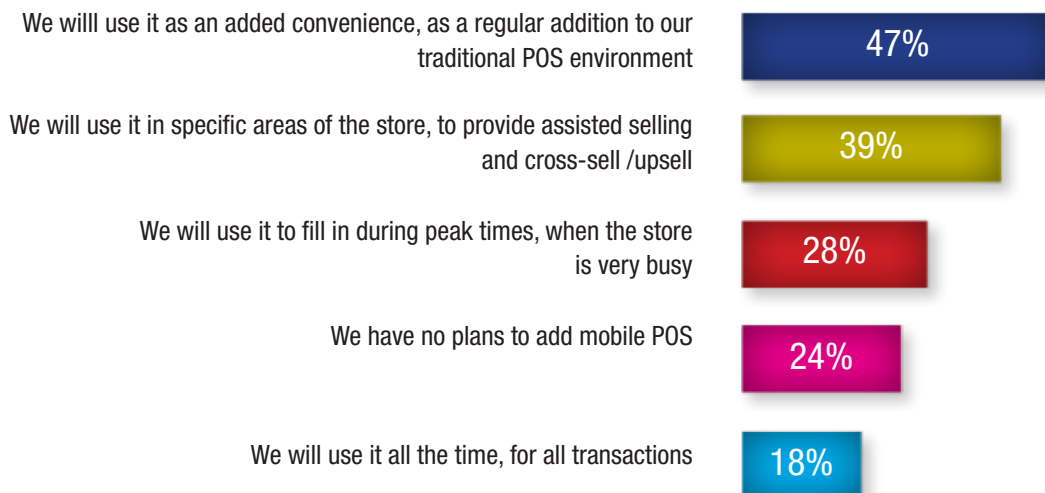
# A NEW ERA OF MOBILE POS?

**Best Buy Canada** recently geared up to do just that. Five Best Buy Canada stores are now armed with mPOS technology, including both tablets and smartphones, according to Kevin Satterfield, Director of IT Application Development and Maintenance for Best Buy Canada. “We wanted to use both devices, since tablets in particular are useful in full-service departments that require more interaction with the customer, and also provide associates with POS capabilities as well as access to selling tools and web stores,” Satterfield said in an interview with Retail TouchPoints. “The smaller mobile computers, however, are used for line-busting and quick transactions for entertainment, accessories and grab-and-go items.”

Mobile POS promises to provide a number of benefits for brick-and-mortar retailers, beyond the simple reduction of square footage consumed by traditional POS. While 17.8% of survey respondents said they would use mPOS “all the time, for all transactions,” most retailers have other plans:

- 46.5% will use it as an added convenience, a regular addition to traditional POS;
- 38.6% will use it in specific areas of the store, to provide assisted selling and cross-sell/upsell; and
- 27.7% will use it to fill in during peak times, when the store is very busy.

## What will be the primary use for mobile POS (check all that apply)?



# SETTING UP SYSTEMS TO ACCOMMODATE IN-STORE MOBILE

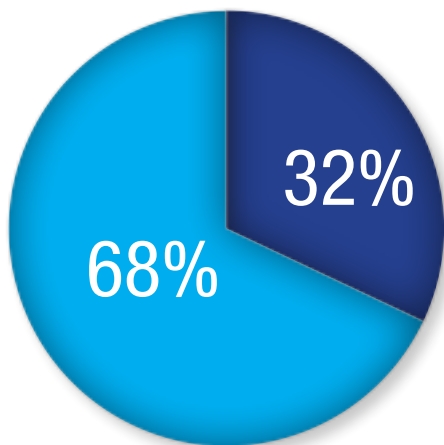
Retailers already have invested heavily in their POS systems, and these are tied into back-end databases and management information suites. Stores already have deployed many receipt printers, cash drawers, payment devices, etc.

“Adding mobility while reusing the existing environment represents a significant savings for a retailer; but, changing to new software to add mobility may cause close to 40% of retailers to incur significant changes to their work flow, back-end systems, and existing in-store accessories,” explained Bob Ashenbrenner, MPOS Architect, Motion Computing.

Some retailers may be hesitant to dive into mobile because they believe it will disrupt their current systems. But the majority of survey respondents (68.3%) say they will be able to add tablets while maintaining most other systems as-is.

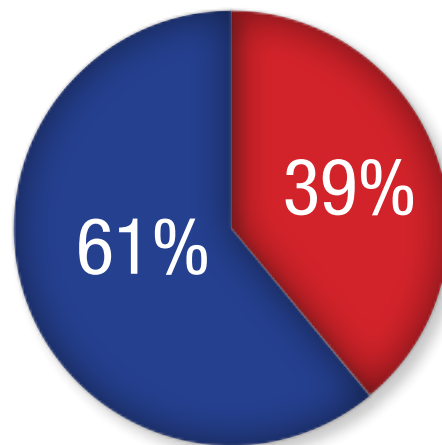
In evaluating systems to be ready for mobile, retailers should speak with their solution provider partners. Some may not have the ability to integrate mobile technology into the mix. As many as 38.6% of retailers surveyed said they would need a new software provider.

## Do you believe becoming “mobile” is a disruptive experience for the retail environment?



- Yes, I believe that if we add tablets, then we'll need new software, training and back-end work. It will be disruptive and expensive
- No, I think we can add tablets and maintain most other systems as-is

## Do you anticipate needing to change your software provider when adding mobile technology?

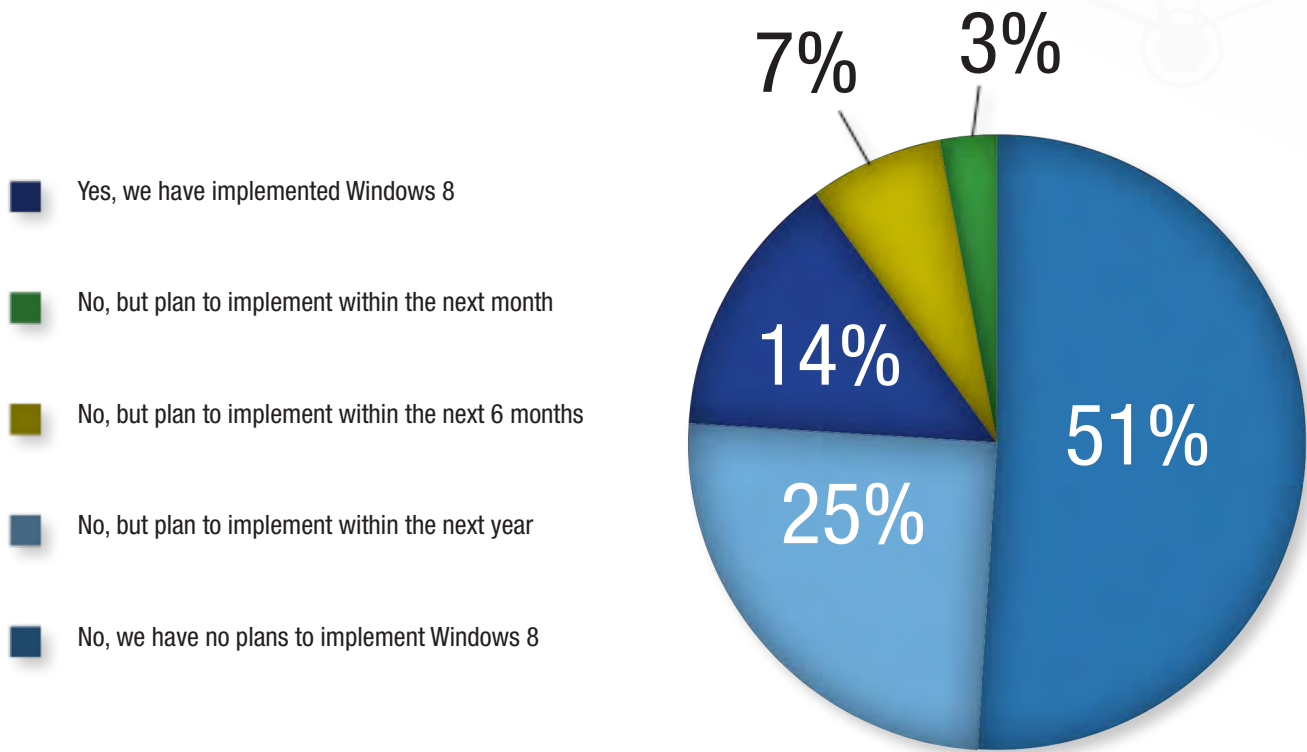


- Yes, we will need a new software provider. Our current provider is not up-to-speed on mobile
- No, our current software provider is ready and able to help us go mobile



# SETTING UP SYSTEMS TO ACCOMMODATE IN-STORE MOBILE

**Do you currently have Windows 8 applications or plan to migrate to it ?**



The key to facilitating a successful integration to mobile will be the efficiency of the work flow, as operated by the software. “Mobile work flows range from fully mobile stores or peak support as an added assisted-selling device, to an additional lane in the store — a mobile lane,” explained Ashenbrenner. The chosen software will define the success of the customized work flow for each retail environment.

Merchants also must keep up with development in operating systems. Windows 8 from Microsoft is the latest addition. Already, 13.9% of retailers have implemented Windows 8, with another 35.7% planning to add it within the next year.

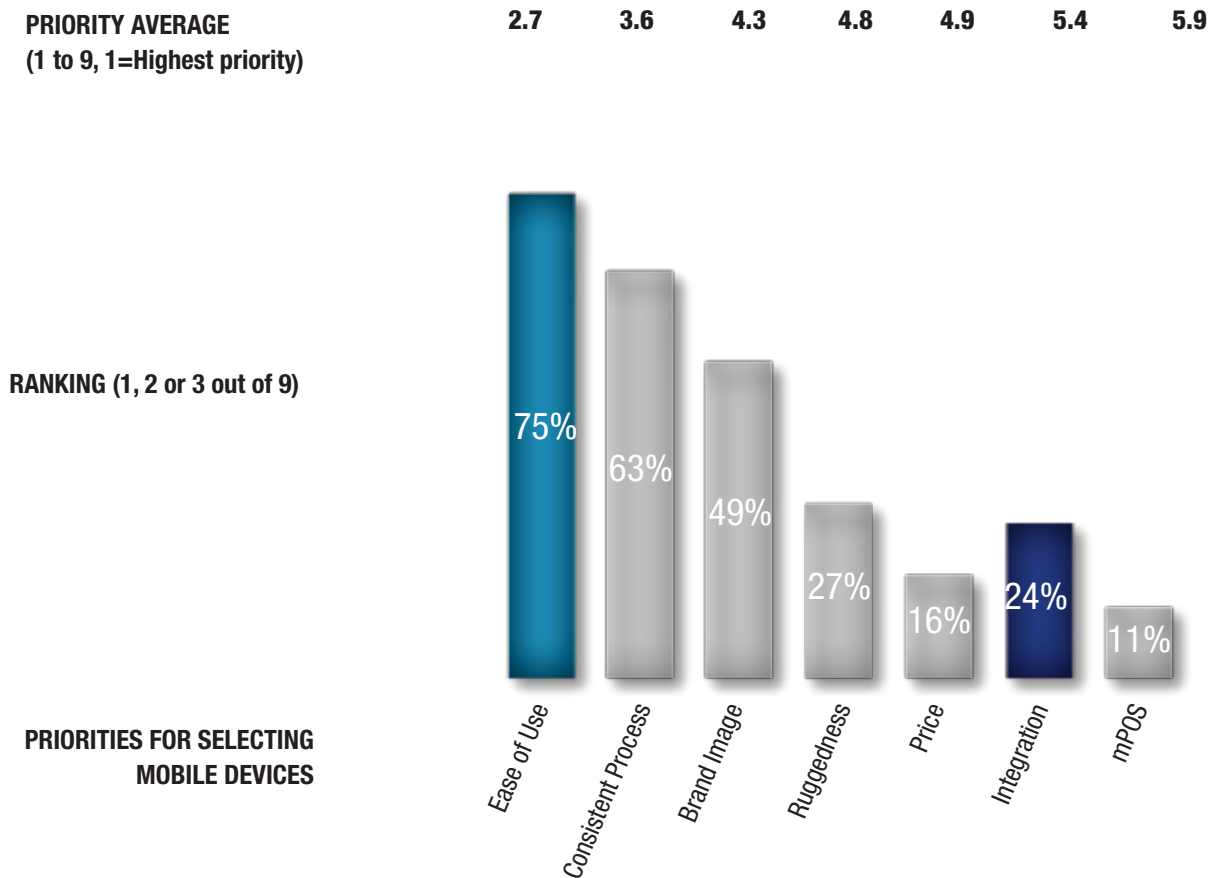


# CHOOSING MOBILE DEVICES

There's been much debate about the usability of Apple devices in-store versus the ruggedness of other types of devices designed specifically for more institutional use. In 2013, merchants have a number of devices to choose from to meet their needs.

Merchants should consider various factors when choosing a device, including cost and ease of use. Survey respondents cited familiarity/ease of use as the most important factor (60.4%). Price was most important for just 10.9%.

## Please rank your priorities when it comes to mobile device selection:



# CHOOSING MOBILE DEVICES

Security also is a concern for some retailers when opting to deploy mobile devices in-store. As many as 25.7% of merchants said security was the most important factor in choosing these devices.

“Mobile devices bring security risks,” said Ashenbrenner. “These fall into two main areas: loss of critical data (cardholder data) or loss of mobile devices. About half of retailers surveyed (52.5%) said they have studied the loss issues and believe that they have sufficient mitigation plans.”

Additionally, 32.7% said they are very concerned about cardholder data being accessed via mobile devices, and 31.7% said they are very concerned about mobile devices being stolen. But with some research and education, merchants will discover that solution providers are addressing these concerns.

## Are loss prevention and data security primary concerns with mobile devices (check all that apply)?



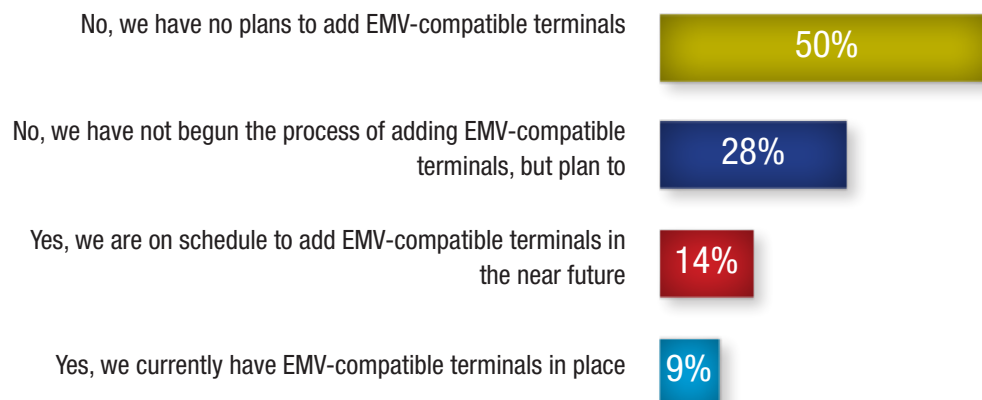
# THE DEBATE ABOUT MOBILE PAYMENT OPTIONS

EMV and NFC have been discussed ad nauseum among industry experts for a number of years. In the U.S., Visa, MasterCard and Discover have all created incentives for merchants to support acceptance of EMV chip technology by requiring retailers to have the capability to process any EMV transaction, including contact and contactless payments, by April 2013. And an October 1, 2015, deadline looms as the payment industry prepares for a liability shift for U.S. and cross-border counterfeit card-present POS transactions.

This shift in liability will move the responsibility to payment processors, and possibly merchants, who do not support EMV for any counterfeit card transactions.

With these deadlines looming, almost half (49.5%) of retailers say they have no plans to add EMV-compatible terminals. Ashenbrenner noted: "EMV devices (Chip and PIN, etc.), although mandated by Visa and MasterCard by late 2015, are not driving a move to replace payment terminals at about half of retailers."

## Do you have plans in place to move to EMV-compatible payment terminals?







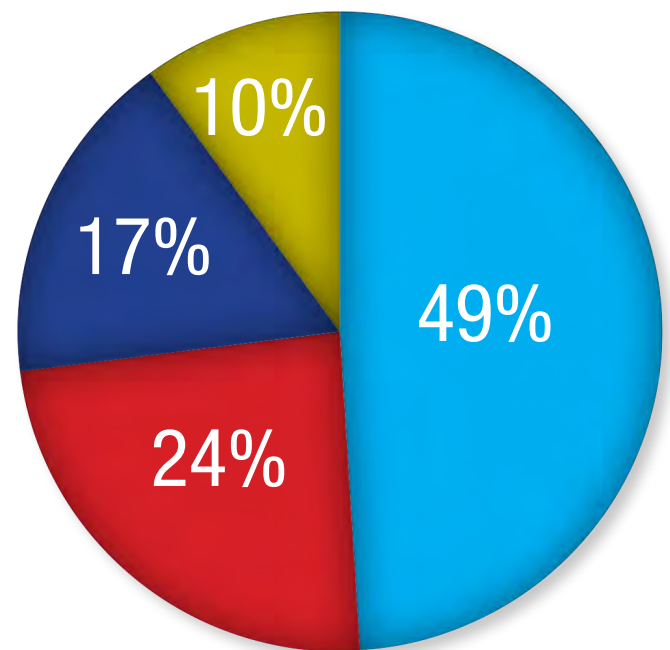
# THE DEBATE ABOUT MOBILE PAYMENT OPTIONS

A similar scenario holds true with Near Field Communication (NFC) technology. Again, almost half (48.5%) of survey respondents said they have no plans to add NFC, even though devices are gearing up. Approximately 200 million mobile devices equipped with NFC capabilities were shipped during 2012, and another 300 million are estimated to be sold in 2013, according to Deloitte.

The benefits abound for NFC, for both retailers and consumers, according to [Debbie Arnold, NFC Forum Director](#): “Consumers can benefit from the short-range, two-way technology of NFC because they can store loyalty points, coupons and other benefits directly on their mobile phones and redeem them at the same time a purchase is made. Retailers then can get information about consumers and update data more seamlessly.”

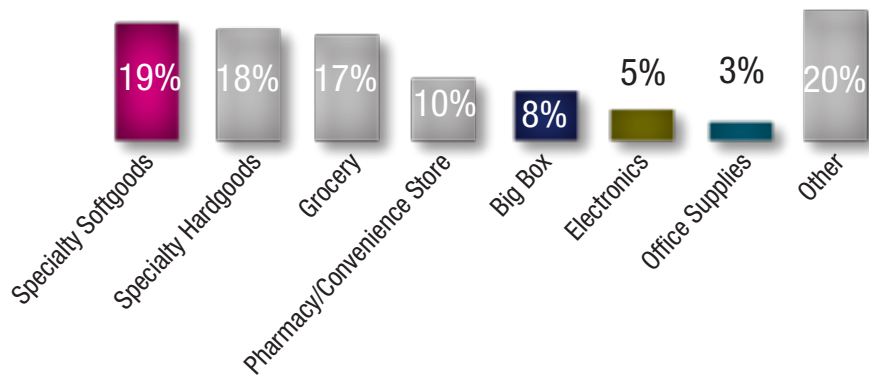
## Do you plan to add units that provide Near Field Communication (NFC)?

-  Yes, we currently have units that accept NFC transactions
-  Yes, we plan to add units that accept NFC transactions in the near future
-  No, we do not have a plan in place to add NFC, but plan to in the future
-  No, we have no plans to add NFC

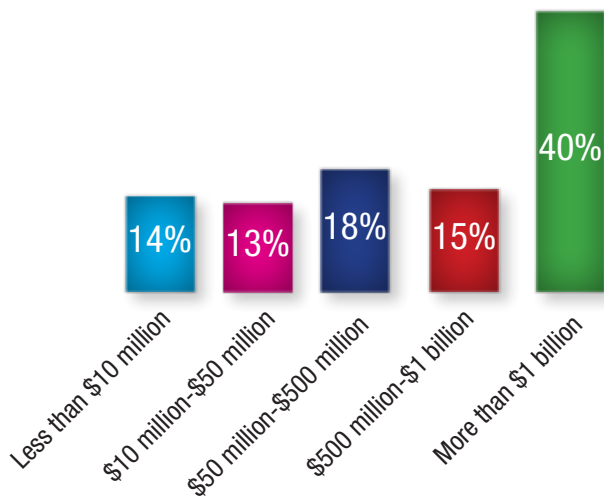


# RESPONDENT DEMOGRAPHICS

Please describe your retail vertical



Please describe your company's annual revenue



# ABOUT



## ABOUT RETAIL TOUCHPOINTS

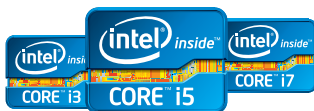
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## ABOUT INTEL® CORE™ PROCESSORS



A 3rd generation Intel® Core™ processor-based like those used on Motion Computing products delivers the ideal performance for your retail business, like a speed boost right when it's needed and smart multitasking for doing more. These also provide stunning imagery thanks to a suite of built-in visual enhancements – without the expense of extra hardware and all of this is built into the 3rd generation Intel® Core™ processor for enhanced productivity. In addition, built-in security technologies let you fully encrypt data without slowing down your work and can keep your mobile data secure if it goes missing.

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