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**TouchPoints**



# PROFITING FROM MOBILE

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## THE THREE KEY STEPS TO SUCCESS

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## Executive Summary

From comparing prices to finding products, as many as 79% of consumers today use a smartphone to help with shopping, according to a recent study from Google entitled *The Mobile Movement: Understanding Smartphone Users*.

This is a dramatic shift in consumer behavior that retailers simply can't afford to ignore. Given the explosive growth of mobile sales and unprecedented competition in the retail space, now is the time for businesses to take action by creating a mobile strategy.

This white paper will explore the following key steps required for mobile success:

- I. Boost the Performance of the IT Infrastructure**
- II. Prioritize Mobile Security**
- III. Facilitate More Effective Store Flow**

## A New Day is Dawning in Mobile Retail

Welcome to the brave new world of mobile retail. In today's tough economy, some retailers are reducing in-store head count and minimizing investments in sales associate training. In the meantime, consumers' retail smarts have never been sharper.

In fact, the Google study revealed that 74% of smartphone shoppers complete a purchase following their smartphone research, whether on their phone, on a computer or in a store. Additionally, 70% use their smartphones while physically in the store, reflecting varied purchase paths that often begin online or on their phones.

This unprecedented level of connectedness not only heightens shoppers' expectations of the overall customer experience, but also raises the bar for mobile-challenged retailers. After all, said Brian Kilcourse, Managing Partner at Retail Systems Research (RSR), "You want your employees, who are essentially representatives of your brand, to be at least as informed as consumers."

As many as 79% of consumers today use a smartphone to help with shopping.

- Google



## Opportunities for Mobile Engagement

Meeting consumers' high expectations is not the only goal for retailers adopting mobile technology. According to a 2011 benchmark report from RSR titled *Keeping Up with the Mobile Customer*, 73% of respondents consider "deeper customer engagement to build loyalty through mobile channels" to be a "very valuable" mobile opportunity.

A mobile strategy also presents other business opportunities including driving innovation through mobile offerings and delivering deeper customer engagement to drive sales. What's more, 69% of retailers surveyed by RSR said that maintaining or improving the customer experience is the "main driver of their in-store technology investments."

"Improved customer service provides a key point of differentiation for today's price-driven consumer," added Jerry Sheldon, an analyst with IHL Group, a global research and advisory firm specializing in retail technologies. "One only has to look at the growth of Amazon to see how the traditional retail landscape has

changed and the ongoing online-only force that is pervasive. By creating a connection with the customer, you give him or her a reason to come into your store, a reason for increased store visits, and a way to differentiate yourself from the competition." But the advantages don't end there. If executed properly, a mobile strategy can help a retailer:

- Personalize sales interactions anywhere on the store floor;
- Place in-depth product and customer information at sales associates' fingertips;
- Create up-sell and cross-sell opportunities;
- Drive greater in-store efficiencies; and
- Achieve a higher close rate.

Or more simply put: Shoppers expect a mobile presence in retail, and retailers' competitors are catching on fast. Now is the time to profit from this industry-changing technology.

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- Retail Systems Research (RSR)



## The Three Key Steps

Following are three key steps retailers need to take to make the most of a mobile ecosystem.



### Boost the Performance of the IT Infrastructure

Established IT infrastructures have long enabled retailers to run point-of-sale (POS) systems and gather general enterprise data such as product descriptions, inventory information and applicable tax rates.

But beyond these systems is a treasure trove of relevant and useful data — information that can be leveraged to drive customer decisions and increase revenue. And, more and more customers are discovering the potential for mobile technology to deliver detailed product data and enhanced content by simply accessing the Internet via mobile applications.

Rich and relevant associate-to-shopper engagement is a winning

strategy that differentiates customer service in the store from an online experience. Providing the store associate with deeper and more effective product, customer and competitive comparison data creates an opportunity for a trusted and consultative shopping experience in the store that is difficult to replicate online. Winning retailers will be those that are able to create a store IT infrastructure that delivers technology-based tools directly to the store associate, enabling improved customer service, increasing loyalty and encouraging deeper brand awareness. Wireless mobile technology is the cornerstone of improving the in-store shopper experience.

“A store IT infrastructure in most instances is not designed for wireless devices,” warned Sheldon. “In a surprisingly large number of instances, the current store IT architecture is ill- or not equipped to handle mobile devices, thus a retailer has to bring in both the necessary hardware and software to maintain security. The challenges are exacerbated even further if you plan on accepting payment over the device, as then PCI requirements are invoked and another set of headaches materialize.”

Fortunately, the right IT infrastructure can deliver mobile functionality, greater service capabilities across multiple customer touch points, increased innovation and enhanced access to ROI figures on store spend.



Four key components will enable retailers to build an IT infrastructure designed specifically for mobile systems and applications. Those components include:

- 1) **Safety and Security.** The best network will feature secure segmentation of different user roles, from customers to IT administrators, for varying access rights.
- 2) **Mobile Optimized Enterprise Architecture.** All domains of the enterprise architecture must be reviewed and optimized for mobile associate and customer engagement. Data access must be organized to ensure fast response to many more multiples of clients than systems typically support today. Application design must provide flexibility and security to support differing classes of connecting users. Technology deployment must support scaling to a wider range than currently supported.
- 3) **Monitoring Tools.** These tools will help to ensure maximum uptime and network reliability.
- 4) **Mobile Device Management Solutions.** For a mobile infrastructure to function most effectively, merchants must manage both application version control and mobile asset tracking.

Together, these assets promise to deliver maximum wireless coverage, optimum uptime and solid security. For example, network availability tools are excellent for monitoring mission-critical networks. By providing a real-time snapshot of a network's health based on key performance metrics such as traffic patterns and latency issues, these tools help retailers flag technical glitches as they occur and resolve issues in seconds flat.

Mobile device management software, on the other hand, keeps close tabs on mobile devices and the data they hold, carefully guarding against security breaches and the loss and theft of mobile devices.

"For retailers that decide to take the dive into using mobile devices, there are mobile device management suites that they should absolutely embrace," said Mark Tauschek, Lead Research Analyst at Info-Tech Research Group. "They're definitely worth the investment and they give retailers a level of visibility that you can't otherwise get."

Furthermore, there are plenty of public and private cloud computing hosting options available to support mobile infrastructure needs in a timely and cost-effective fashion.

IT infrastructure services are also critical to the success of a mobile deployment in a retail environment. These include secure channels and controls on data access from customer mobile devices; segmented and selectable data architecture for collaboration among various mobile users; and a scalable IT infrastructure to accommodate seasonal fluctuations in the retail segment.

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*- Mark Tauschek,  
Info-Tech Research Group*



## Prioritize Mobile Security

Another invaluable investment on the road to mobile success for retailers is security. Over the years, many companies have fallen victim to hackers on the hunt for customers' credit, debit and gift card numbers. Without the proper safeguards, mobile devices can be a gateway for these types of security breaches.

With the right hardware, software and network technologies in place, retailers can adequately protect their mobile environment. "Security cannot be an afterthought," warned Sheldon. "Rather, it is an integral part of the software and hardware selection process."

Hardware-based encryption, for example, is a fast and efficient way to prevent hackers from accessing confidential data such as credit card numbers and system passwords. Encrypting data and authenticating user access can help secure a wireless network, as can strong passwords, access control policies, a virtual LAN and WPA2 protocol support. Compliance with PCI data security standards ensures a payment

card data security process that prevents, detects and reacts quickly to security breaches. And lastly, POS software can be leveraged to detect security breaches such as fraudulent returns. Retailers can mine data collected by a mobile device to determine if a customer is a chronic returner or if a particular item is returned on a regular basis.

In order to ensure the security of hardware, software and the network, merchants must partner with a company that understands their unique business issues. "Finding a solution provider that is closely partnered with a security specialist, and has an in-depth understanding of those design considerations, is paramount," said Sheldon. "It is also important to understand the IT roadmap, and the security implications of that, so that decisions can be made early on which impact future store and IT security plans."

That's not to suggest, however, that once a retailer has established a frontline security defense that all is "solved and forgotten," said Sheldon. Rather, he noted that retailers must continue to monitor and diagnose their mobile ecosystems to ensure ongoing protection. Because mobile devices grant access to store systems, Sheldon recommends that retailers create a plan for "wiping a mobile device should it leave the premises, as well as a way of insuring that no unauthorized applications are installed on the device or ingenious backdoors loaded for nefarious purposes."

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*- Jerry Sheldon, IHL*



## Integrating Mobile with Existing Infrastructure

By taking the necessary precautions, there's no reason why a retailer's mobile devices can't be as secure as its fixed position equipment. Nonetheless, how to integrate these mobile tools with an existing IT infrastructure remains "the \$64,000 question," said Kilcourse. "Most of the systems that retailers have implemented up until recently have had a couple of characteristics that make it difficult for them to integrate."

In fact, store systems in particular typically require a hodgepodge of interfaces to effectively deliver POS services and to yield a return on investment.



That's all the more reason why mobile devices must work seamlessly with a host of solutions, including:

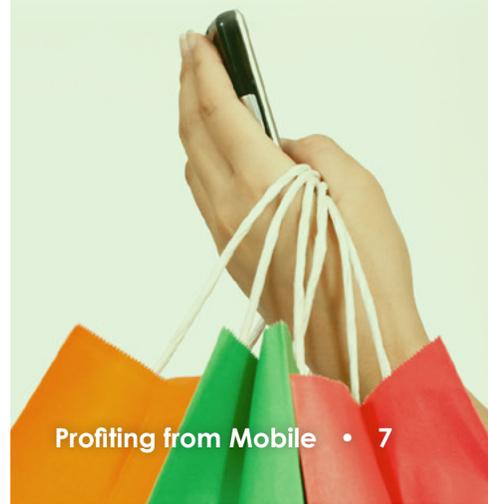
- Customer relationship management;
- Product reviews;
- Perpetual inventory;
- Location master;
- Product master;
- Digital content; and
- Online ordering.

Fortunately, the right provider can help retailers integrate their store and back-office solutions, linking mission-critical systems, whether they be third-party or home-grown applications.

More importantly, retailers can easily enhance their mobile ecosystems with selling applications that allow associates to engage in cross-channel customer engagement. Up-to-the-minute product updates, full POS functionality, compelling inventory search capabilities, in-depth product reviews — these are all features of a top-notch mobile selling application that can empower employees and drive sales on the spot.

**“Most of the systems that retailers have implemented up until recently have had a couple of characteristics that make it difficult for them to integrate.”**

*- Brian Kilcourse, RSR*





## Facilitate More Effective Store Flow

Profiting from a mobile retail environment involves more than just cutting-edge technology. As retailers reclaim the store floor, sales associates are able to step out from behind cash registers and engage customers armed with relevant information. Increasing the amount of space available for merchandise, combined with state-of-the-art mobile technology, creates enormous opportunities for associates and managers to up-sell, cross-sell, process returns and gain valuable insight into the brand's target demographic.

Although sales associates have always played a valuable role in a retail operation's success, armed with mobile devices these frontline workers can now significantly influence sales by providing relevant information to consumers on the spot in real time. Mobile devices drive efficiency in the shopping process by delivering real-time access to inventory information and providing the ability to place product orders, process payments, print receipts and obtain e-signatures.



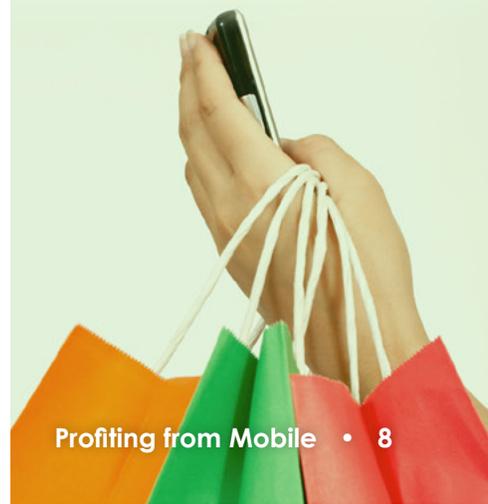
Mobile provides more time and facilitates an environment for richer customer engagement. Rather than managing serpentine queues, retailers can process a greater number of orders and provide better customer service at the same time.

By moving sales associates on to the store floor, Kilcourse noted that workers can "use actionable information as close as possible to where the sale is actually happening."

As a result, retailers now need to carefully consider where they wish to position employees, as well as devices such as iPads, to optimize store real estate. Is the retailer looking to replace sales associates altogether with self-service checkout lanes and slowly phase out cashiers? Or is the retailer planning to take advantage of cross-sell opportunities by equipping sales associates with CRM-enabled mobile devices, while maintaining traditional payment processing systems? Answering these and other questions is the start of drafting a store flow blueprint that's certain to guarantee a smoother customer experience.

The next step is ensuring sales associates are properly trained on mobile devices. Workshops, seminars, mentorship programs and usage policies are all ways to make sure employees are properly using mobile devices to drive sales.

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## Conclusion: The Future is Here

According to RSR, 51% of survey respondents reported that their mobile sales will grow "significantly" in the next three years, and another 42% expect at least some growth, if not a "significant" amount. Competitors are catching on to the bottom-line advantages of mobile technology. Consumers are already demanding it. By taking the right steps to mobile implementation, retailers can anticipate significant profits from mobile commerce.

Creating a reliable IT infrastructure is the first step toward mobile success. A secure, wireless network can grant sales associates real-time access to critical customer data such as price changes and product updates.

Building an impenetrable layer of security around a carefully created mobile ecosystem will keep hackers at bay — and the retail company's name out of the headlines. Protecting wireless, data, device, and architecture assets is key to safeguarding confidential information and fostering the trust and loyalty of customers.

And finally, fostering a customer-friendly store flow that supports smooth operations will unleash sales associates from cash registers and free them to drive sales by up-selling, cross-selling, overseeing customers' returns and gaining intimate knowledge of shoppers.

With this three-pronged approach, retailers can surpass customers' expectations and gain a valuable competitive edge in today's tough economy. But there's no time to waste. Retailers should do their homework and find out now how they can use technology to transform their stores and provide safe and connected shopping experiences.



# STARMOUNT™

## About Starmount

Starmount software solutions bring the richness of the web and the power of mobile into the store, where retailers can create more personalized, relevant and dynamic interactions with customers. From mobile selling to interactive kiosks, our retail solutions transform the store environment to a more connected, engaging shopping experience. Headquartered in Austin, Texas, Starmount works with a diverse client base of leading retailers around the world, such as Pep Boys, Urban Outfitters and Home Depot. For more information, visit [www.starmountsystems.com](http://www.starmountsystems.com), read the blog at [www.starmountsystems.com/blog](http://www.starmountsystems.com/blog) and follow us on Twitter at [www.twitter.com/starmountretail](http://www.twitter.com/starmountretail).



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