USING MOBILE POINT OF SALE SOLUTIONS TO ENHANCE THE CUSTOMER EXPERIENCE
The process of checking out in a store hasn’t changed much since the 1950s: Shoppers choose the merchandise they want to purchase and then approach fixed counters and store associates to pay for the items.

Starting in the 1970s, retail began a transformation with point of sale (POS) terminals replacing cash registers and credit cards becoming the norm. However, the process of selecting items and going to a fixed place in the store to pay for them largely remained the same. That is, until retailers began introducing mobile POS.

These solutions give the retailer the ability to process payments anywhere with any card type, including debit, credit, loyalty and gift cards.

Mobile POS solutions consist of a handheld mobile computer or device with a payment card reader and compact, portable printer. Once the store associate swipes the card, the data is encrypted and sent over a wireless network. After the charge is authorized, the shopper signs the screen on the device and the associate prints a receipt on the spot.

JC Penney, Sephora and other major retailers announced initiatives in 2012 to use tablets, smartphones and other devices to employ mobile checkout, with some such as AT&T stating they plan to eliminate all counters and stationary POS systems in the next couple of years.

The growth potential is tremendous.

According to Lee Holman, lead retail analyst for IHL Group: “More than three-quarters of retailers are expecting to increase their 2013 spending on mobile POS over 2012 levels. To put it in perspective, big data is the next most sought-after major technology in retail, and the expected increase for mobile POS outpaces that for Big Data by 20 percent.”

Forward-looking retailers understand that if they are going to even the playing field, they must embrace a seamless experience between online and in-store destinations.

As consumers evolve their shopping behaviors and expectations, retailers are experimenting with different channels to ship and sell their merchandise. For example, during the 2012 holiday season, a number of retailers tested different options to fulfill orders. Some relied on local stores to ship merchandise ordered online to reduce shipping time and costs. To address the omni-channel shopper, other retailers tried new formats. For example, to kick off the 2012 holiday season, the craft marketplace Etsy took its sellers’ merchandise to a pop-up store. Also, Bonobos, a men’s online-only apparel store, and Piperlime, a Gap, Inc. online store, opened their first brick-and-mortar locations in 2012. Without existing infrastructure to worry about, such retailers can implement mobile POS solutions as they test different formats.

It also opens up opportunities for organizations without four walls. It can be found in places such as farmers markets and on food trucks as well as on delivery trucks and trains. It’s used not only for queue busting in a store or tableside payments in a restaurant, but also for utility billing and route sales receipts.

Technically, it could even be used in places where cash or check payments are the primary option today, such as a home delivery business. Mobile devices bring the Internet anywhere – meaning online payments can happen just about anywhere as well, including places where building a traditional IT infrastructure might be a challenge.

A complete solution eases integration, enabling merchants to quickly move from installation to application. While this is just the start of the mobile POS journey, the potential to forever change the way a business interacts with its customers and customers interact with a business is tremendous.
Making a Transaction More Personal and Providing a Better Shopping Experience to Build Customer Loyalty

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A Zebra Technologies White Paper

BENEFITING BOTH THE CONSUMER AND THE BUSINESS

INCREASING ENGAGEMENT, CREATING NEW EFFICIENCIES AND BOOSTING SALES

Engage More. “Mobile is the new face of engagement,” according to a report published by Forrester in 2012. The enabled store associate is the differentiator, connecting with shoppers no matter when or where they shop.

When Home Depot announced its mobile POS investment and rollout in 2010, its CEO Frank Blake described why the company called its program First Phone: “We call it the First Phone because its core purpose is to reduce tasking time for our associates so that they can instead focus on customer service.”

With a handheld device that combines a variety of uses, such as inventory management, label printing with POS and a walkie-talkie, the home improvement retailer wanted to help its customers – whether do-it-yourself or professional ones – by delivering better service in the aisle in real-time.

Today’s consumers are knowledgeable and reliant on mobile devices to research prices and read reviews right in the aisles of the store. When armed with their own mobile devices, retailers never have to leave a shopper’s side. They can look up a customer’s information, check inventory, verify prices, and quickly and conveniently check out a shopper. Mobile POS can empower the store associate as he freely moves around on the store floor. It also gives the retailer visibility into assets and transactions, which in turn gives them visibility into opportunities to create new value.

Be More Efficient. Mobile POS can create new efficiencies. Some studies show that mobile POS terminals can speed up the transaction time, cutting the average transaction time in half and making contactless credit card payments five times faster than those requiring a signature. When shoppers get ready to check out, they are ready to go, not ready to stand in a long line.

Also, with less counters in the store, it frees up space for other uses. Based on changing shopping trends and needs, the retailer can “reset” a store without being concerned about fixed wires and stations.

Mobile POS also can eliminate checkout “deserts,” especially in big-box stores. Research shows that the leading retailers in the U.S. have at least 25 percent of their store floor space in such “POS deserts.” By
providing quicker access to checkout, it enhances the customer experience and potentially increases sales as shoppers may be less likely to abandon carts.

Additionally, mobile POS has value during peak shopping periods such as the holidays. Depending on the season, retailers can supplement their fixed terminals with mobile POS in specific departments that typically have increased transactions during certain seasons.

**Sell More.** Using mobile POS can help retailers combat the trend of “showrooming” in which shoppers visit physical store locations to see and touch products in person, but then leave the store and purchase them online. Such technologies help the store associate provide an experience the shopper may not receive through an online store.

When associates are armed with information, they can help increase sales – whether that’s through closing a sale faster, upselling related products or pointing out an item the shopper may need with her planned purchase. They can also help make a sale even if the item isn’t located in the store by checking inventory in other locations, completing the transaction and giving the shopper a receipt right on the spot. Thirty-two percent of U.S. consumers expect retailers to have the ability to place an online order. Mobile tools may even provide visibility into the supply chain, equipping the associate with the ability to look beyond store locations and determine when additional stock will ship and reserve items for consumers.

Outside of retail, event venues are finding value in mobile POS. For example, one stadium now uses them to process debit and credit cards in the stands or anywhere in the park. Also, onsite payment processing is beneficial to route sales operations because it reduces the resources needed to support them. Billing departments have fewer invoices to process and customer service has fewer calls to resolve because customers can review and approve invoices with their route sales. And finally, some restaurants now offer table-side payments, creating more efficiencies for wait staff who can turn over tables faster while increasing security of credit and debit cards for consumers because they never leave the table.

**IMPLEMENTING MOBILE POS**

Companies are aggressively looking at new and better mobile and in-store payment options, and new solutions are continually in development. For example, in 2012, VISA launched V.me, a cross channel digital wallet. Additionally, PayPal rolled out a new payment system in Home Depot stores throughout the U.S. that lets users store their PayPal information on their mobile phone or on a PayPal Card. There is also Google Wallet, which uses near field communication (NFC) technology, letting users pay for items by tapping their phone on special terminals at checkout.

While the idea of mobile POS may be exciting, it can become easy to get caught up in the “cool factor” of how it’s being used in a store today such as Apple. In Apple’s case, the retailer did not have legacy infrastructure so its planning and implementation looks quite different than a retailer that’s been in business for 50 years, for example.

The retailer needs to first think through the business need or business case for the technologies. What is the value proposition it can offer customers? Faster checkouts? Capturing more sales? What is the consumer experience it wants to create?

Then the retailer should think through the entire implementation, considering both the technology and process. It starts with the infrastructure it needs and goes through to the actual use of the solutions on the floor.

If there is a legacy system in place, it’s important to ask: What will the impact of mobile POS have on the IT infrastructure? There are various options to consider. For example, mid-sized merchants can leverage mobile POS as a lower cost alternative to a traditional POS system. In some instances, mobile POS may not make sense to use exclusively, such as in high item volume/low value retailers. Larger and enterprise merchants may use mobile point of sale as a compliment to their existing POS systems, at least initially.

As part of the planning process, the organization needs to consider how the solution becomes part of the sales process, including how employees will
interact with customers. Will they move around the store? Stand in one location and have customers approach them? What will they do as customers line up behind or around them? Will there be central printing with strategically placed desktops or kiosks? Or will the focus only be on handheld printing devices? And, as checkouts can happen any place in the store, how will the retailer monitor items that the customers have paid for and minimize theft?

Additionally, there are two ways to use mobile POS. First, the retailer can scan items in the shopping cart before they reach a fixed POS terminal and print out a barcode that another associate uses to scan and check out the customer, eliminating the need to remove items from the cart. Or, the retailer can use mobile POS as a complete payment station to check out the customer on the spot. In that case, how will the retailer handle removing hangers, folding items, removing security tags and putting the items in a bag? Some retailers have movable stations that can help with the steps that go beyond scanning an item and processing the payment.

Also, in implementing mobile POS as part of its strategy, the retailer should consider what additional training its staff might need as it incorporates technology into the sales process. With consumers’ shopping and buying habits evolving, the retailer needs to help its associates sell; a shopper could leave a store at any time after seeing the item to search for the best price and purchase it online. Store associates may need to be incentivized to sell items that are not physically located in the store.

After the initial investment, one of the largest costs in a mobile technology deployment is the day-to-day management of such devices. Using central management simplifies software updates and the rollout of new applications. Remote monitoring and troubleshooting can help resolve any issues quickly, and maximize uptime and employee productivity.

**ADDRESSING THE SECURITY CONCERNS**

Mobility means an “untethered workforce.” It also means bringing devices such as tablets and smart phones into the work environment that were originally designed for the consumer.

While this use empowers workers with technologies that they are comfortable using in their day-to-day lives, the challenge is that such devices on their own may not be the most secure. For example, smartphones and tablets have open architectures. Any data that’s stored on the devices or transmitted wirelessly must be secure and encrypted. Other devices provided by mobile computer suppliers like Motorola are largely compliant with PCI regulations and encrypt sensitive information.6

It’s important to address the security – not just for the sake of the retailer’s reputation – but also to comply with the Payment Card Industry Data Security Standard (PCI DSS) as well as any local or regional laws. For tier 2 and 3 retailers, becoming PCI compliant can take some time – two years on average – to complete the proper auditing and certifications. The retailer should make sure only authorized users can access the devices, data and network to help comply with PCI. 7 There are solutions that create a firewall and data encryption to protect both the data on the devices as well as in transit.

There are also more technologies coming in the near future, which will continue to enhance security on such devices in the workplace.

Beyond concerns about keeping the data secure, some retailers may wonder how to monitor what items have been paid for and what ones haven’t. For those who don’t use security tags, one recommendation is to introduce mobile POS slowly – first in departments that have less theft, reducing risk.
Of course, it’s not just about checkout – other technologies are important to consider in making a differentiated experience.

In other words, investments in new technologies should connect to the enterprise system to ensure they are scalable and work together seamlessly. This includes both e-commerce and point of sale systems.

From self-service kiosks that empower shoppers to RFID inventory accuracy solutions that improve visibility to customer loyalty offerings that help retailers increase repeat shoppers, new technologies can create greater efficiencies and more loyal customers. Finding a provider who has a robust partner network and portfolio to offer a complete solution eases integration, enabling merchants to quickly move from installation to application.

Additionally, with many retailers operating in information siloes, being able to combine a variety of information from past purchases to preferences on customer service in one database – and then making that available on a mobile device – would further empower the store associate. An Aberdeen study noted top retailers are moving toward integrating their POS systems with other critical areas such as customer relationship and inventory management systems. It would also help meet the needs of today’s omni-channel shopper, which expect to have the same experience with a brand whether it’s online or in the store.

Looking ahead

Finding ways to connect the offline to the online – not only in terms of the brand’s channels but also to social networks – can help differentiate the company. Now being called the “fourth retail channel” in the omni-channel experience (with the third being mobile), social media helps retailers get in front of their customers. However, the real impact comes when a shopper makes a personal recommendation on a product or advocates on a brand’s behalf.

As e-commerce and social media continue to grow, the offline is still important and evolving. Some retailers are using e-commerce distribution centers to get products while others that traditionally have been only online are bringing their brand to physical locations to give people the opportunity to see and touch their items. Without an infrastructure in place, some of these traditional e-tailers don’t have restrictions on how they operate and mobile POS may provide them with a good solution.

Overall, innovations in mobile technology are enabling the retail store of the future, today. While some are extensions of existing brands, such as bringing merchandise from an online-only store to a physical location, others are reinventing retail all together and going beyond the traditional four walls. For example, food isn’t the only item being sold on trucks; some boutique retailers are going on the road to sell their outfits and other merchandise and create an interesting experience in public places or at private events.

Enabling technologies will continue to make that possible, particularly with the Internet of Things. As retailers connect “things” to the digital world, they will find new benefits such as creating improved customer experiences and having even greater visibility into the supply chain. Retailers who adopt mobile POS today are taking a first next step to creating a better customer experience. For those who do adopt them, they will do well with their customers, while those who don’t will seem outdated as consumers come to expect service when and where they want it, whether that’s inside or outside four walls.
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