

# The Connected Shopper in Latin America

## How Latin American Retailers Can Enhance the Instore Customer Experience

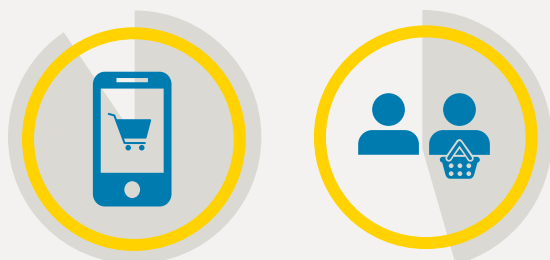
SURVEY CONDUCTED BY IDG CONNECT ON BEHALF OF ZEBRA TECHNOLOGIES



# Infographic summary

## WHO'S MAKING THE MOST OF CONNECTIONS?

82% of retailers enable customers to connect to the instore network through a loyalty app now



But only 46% are using that connection to monitor customer behaviour

## HOW IS INFORMATION COLLECTED FROM STORE LOYALTY, CREDIT AND DEBIT CARDS BEING UTILISED?

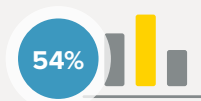
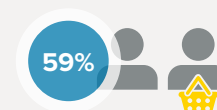
Identify items often bought together



Shelf replenishment



Identify different types of shopper



Measure promotion efficiency



Inventory and staff decision-making

## WHAT'S IMPORTANT FOR COMPETITIVENESS?

Both IT and marketing believe personal service from sales associates is most important



But while marketing said regular generic offers and discounts are almost as important, IT pointed instead to integrated omni-channel service



80% are still sending customers a full printed offers catalogue



But in the future around half aim to send personalised offers to devices instore



Around 70% of IT respondents don't see any barriers to investment in instore technology. Just 13% of marketers agree.





# Who, what, why

## MEETING CUSTOMER EXPECTATIONS

Retail customers are becoming more demanding. They expect an excellent experience whenever they shop instore. Today there is a real risk that even the most brand-loyal customers will eventually turn to a competitor if the experience is not good enough.

We wanted to explore how far retailers in Latin America believe they have progressed in giving customers the experience they want. We've looked at areas such as:

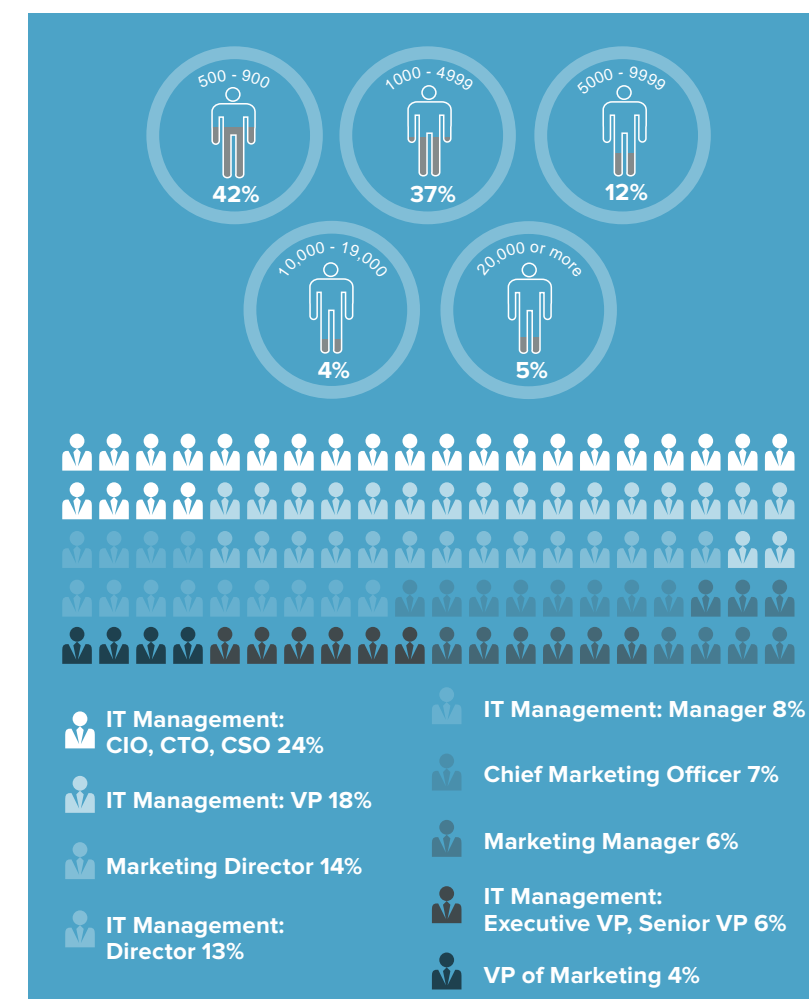
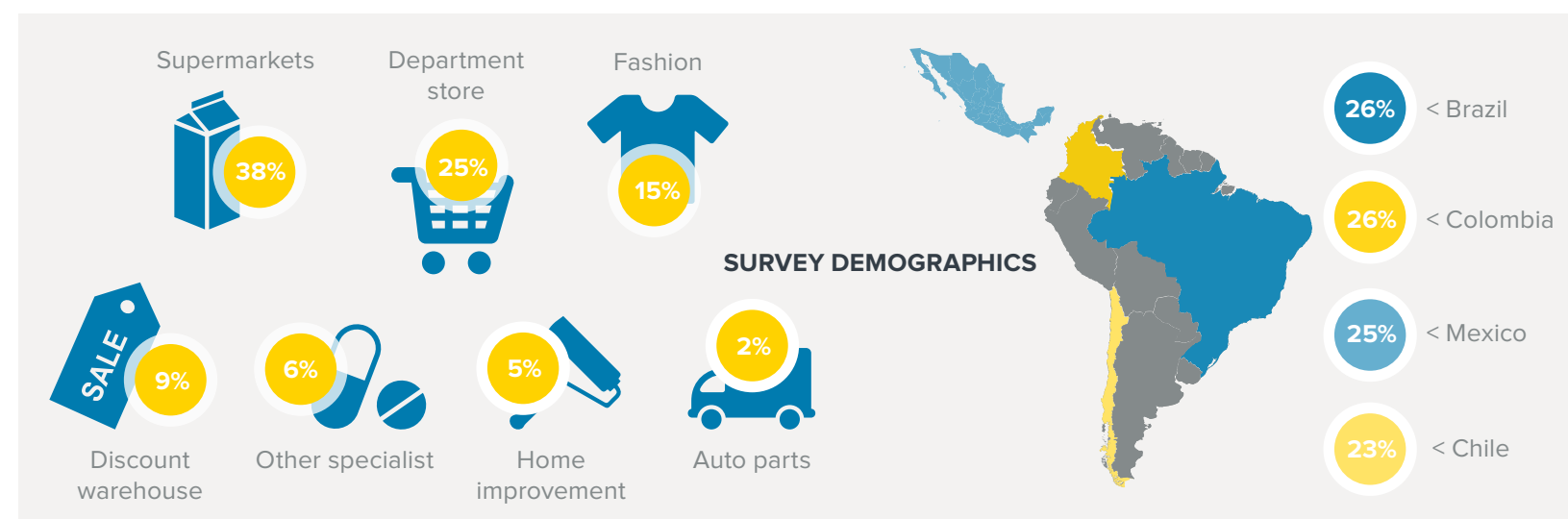
- Finding products quickly
- Getting assistance when it's needed
- Receiving relevant offers
- Enjoying fast service

We talked to both IT and marketing professionals about what they believe is happening in their business. Do they feel they understand demands and are set to meet them?

To do that we asked them more about a range of opportunities that technology affords, such as:

- exploiting guest Wi-Fi/WLAN access to make personalised offers to customers
- enabling assistants through mobile technology to check stock and pricing and provide mobile point of sale
- utilising customer data to understand customers better and increase business efficiency

To that end we talked to retailers and e-tailers across supermarkets, department stores, fashion retailers, discount stores and other specialist enterprises across four Latin American countries to find out what retailers are doing now. Our respondents were equally spread across four countries – Chile, Brazil, Mexico and Colombia. Most of our surveyed retailers employed between 500 and 5000 people in their operations.



# Competitiveness

## RETAINING AND WINNING CUSTOMERS

The customer experience is key to competitiveness. But what do retailers believe are the priorities? Our respondents agreed that many factors ranging from personalised and generic offers, personal and self-service, and fast ways to pay have a role to play.

Top of the agenda for both IT and marketing was personal service instore from sales associates, with nearly 90% rating it as very important. Slightly fewer - around two-thirds - told us that actually customer self-service access to pricing and stock information through kiosks and mobile devices while instore was very important. So retailers believe customers want both human and technical help instore.

When it comes to delivering offers to customers there is strong support for two approaches here as well. Around 70% rated

regular generic offers important, and a similar number also rated personalised offers based on customer history as important.

Around two-thirds said that faster ways to pay were very important. That suggests a range of options, such as Personal Shopping Solutions (PSS) offering store mobile devices or scanners for customer self-service, or mobile payment devices for shop-floor assistants.

Integrated omni-channel service was rated very important by 65% overall. Interestingly many of those voices came from IT respondents who are necessarily concerned with integrating technologies.

**“Respondents in all countries rated personal service instore from assistants as the most important factor.”**

### What does this mean?

While customer loyalty is strong in Latin American countries, retailers can no longer depend on it when customers are demanding a better and more personalised shopping experience.

That means retailers need to know how they are going to deliver that experience. There are many strands to a better experience, such as speed and efficiency, personalising the shopping experience to each customer, and providing the next level of instore service to ensure customers can buy the items they desire.

As retailers grow to understand what is demanded by customers, and what is possible with the right approach, IT will feel the pressure from the rest of the business to deliver the infrastructure and solutions to meet those demands.

### Country highlights

Respondents in all countries rated personal service instore from assistants as the most important factor.

Customer self-service received mixed ratings. It was second in Colombia, but less important in Mexico and Brazil and of least interest in Chile.

Respondents in Chile were far more focused on integrated omni-channel service, making it their second priority, but it was of least interest in Colombia.

### WHAT'S IMPORTANT FOR COMPETITIVENESS?

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But while marketing said regular generic offers and discounts are almost as important

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# Mobile technology

## HOW FAR IS MOBILE TECHNOLOGY ENABLING THE CUSTOMER EXPERIENCE?

Can customers connect to the retailer while they are instore? It's a basic requirement if retailers are to provide them with offers and information.

The retailers in our survey appear to have some awareness of the options available to ensure customers have online access.

Giving customers wireless connectivity from their own smartphones enables them to receive and use offers, look at products online and even place orders through their own devices. Instore kiosks provide customers with an easy-to-use opportunity to browse products and order items that aren't in stock.

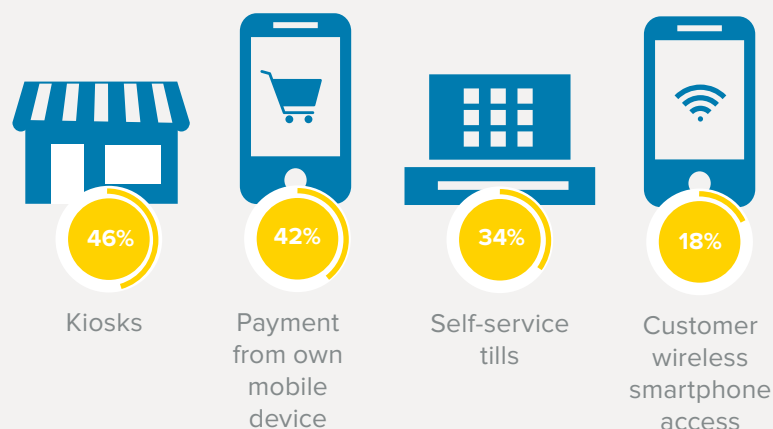
Technology also offers a pathway to faster service. Supermarkets and DIY (Do-It-Yourself) stores around the world are rapidly

realising the benefits of self-service tills, where customers can pay for smaller numbers of items quickly without joining long queues. Now some retailers are taking yet another step forward to enable customers to pay for goods using their own mobile devices. Retailers in Latin America too can take advantage of these services as the technologies become available.

### Country highlights

On the whole, retailers across Latin America show overwhelming desire to offer all these services, with wireless access on the agenda for every retailer in our survey. Perhaps the most enthusiastic are Colombia and Brazil, with a significant number of respondents planning to offer hand-held scanners, kiosks or self-service tills for checkouts in the near future.

## HOW ARE RETAILERS PLANNING TO CONNECT TO CUSTOMERS?



### What does this mean?

Customers want to shop on their terms, not that of the retailers, so they need multiple touchpoints for finding information about products, stock and prices as well as ways to pay.

Our survey shows that a good number of retailers intend to offer these technologies in the future.

It's important that retailers moving forward in this way do understand exactly what is required. The question is, while businesses say they plan to deliver all these services, are they certain that they are achieving the level of service that customers want? Do they need to dig a little deeper to ensure that the business – and especially IT – understands the needs and implications of these services and can ultimately deliver to the customer's satisfaction?

# Wi-Fi and WLAN

## CONNECTING THE CUSTOMER THROUGH WI-FI/WLANS

Retailers do appear to be taking up the opportunity to connect customers to their instore Wi-Fi and WLAN.

Loyalty programmes are widely recognised as a tool to keep customers coming back. Almost all retailers in our survey say they do or plan to provide loyalty apps that can be used on customers' mobile devices. That's good, because with such programmes already established, retailers could find not having one is a negative differentiator.

While some customers like to browse, speed is of the essence for many shoppers. If they're unfamiliar with the shop or the retailer reorganises its products, customers can quickly get frustrated and go elsewhere to buy. Having assistants on hand is one answer. Another is to offer instore maps on customer devices to help

customers find the items they want quickly. Half of the respondents in our survey have plans to offer this service.

Despite these connections with the customer, fewer than half say they use it to monitor customer behaviour. That's made up for by the number who say this capability is in the pipeline, but this could be an opportunity that's unfulfilled right now and we'll return to this subject later in the report.

Stores don't have to depend on customers being willing to download an app onto their own devices. They can also offer Personal Shopping Solutions (PSS) where customers within the loyalty programme are offered a scanner to scan shopping, receive promotions and be greeted. They're also another opportunity to monitor customer behaviour.

**“The WLAN is at the heart of an excellent experience.”**

### Country highlights

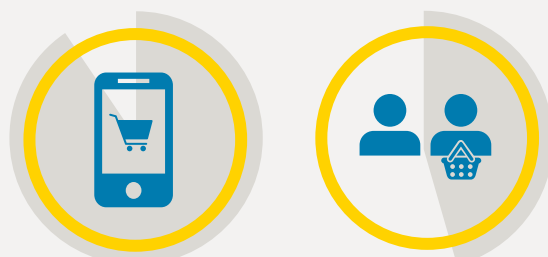
Colombia and Brazil have very high percentages of retailers already connecting customer devices to the network. On the other hand, Colombia has the lowest percentage of retailers monitoring customer behaviour through their own devices.

### What does this mean?

The WLAN is at the heart of an excellent experience. That means retailers need to ask themselves some key questions about whether the network is fit for purpose. Is there a clear direction for integrating further services and solutions? And does the network have the flexibility to enable growth in services and number of users?

### WHO'S MAKING THE MOST OF CONNECTIONS?

82% of retailers enable customers to connect to the instore network through a loyalty app now



But only 46% are using that connection to monitor customer behaviour





# Sales associates

## CONNECTING STAFF WITH MOBILE DEVICES

We've already discovered that retailers in Latin America place a high importance on excellent service from sales associates in store. So the question becomes – are retailers giving assistants the tools to help customers make decisions and purchases as easily as possible?

Again the majority of respondents in our survey say they already enable their assistants with mobile technology and applications that will give customers the information they need to make purchases, or plan to do so. Those capabilities include finding product information, stock location, price checking, and taking payments. There are also devices that can print receipts and shelf labels.

**“Chile seems to be leading the way in enabling sales associates with mobile technology”**

### Country highlights

Chile seems to be leading the way in enabling assistants with mobile technology. Nearly all retailers here said they provided technology to check prices, and Chilean retailers were the most likely to provide product information and take payments.

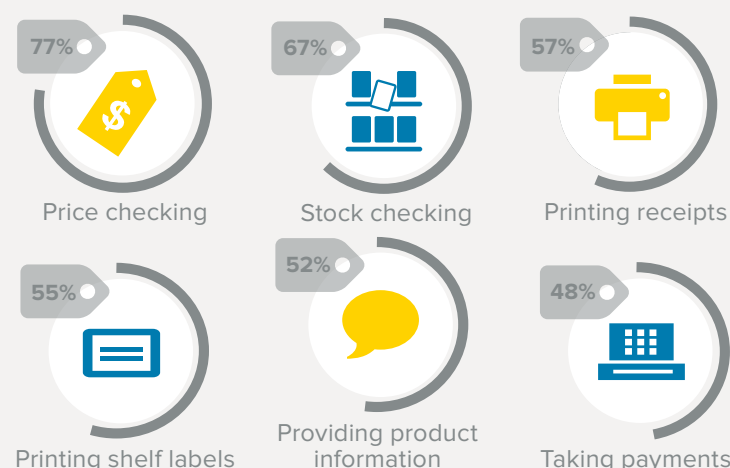
Mexican retailers seem less enthusiastic, bringing up the rear in terms of price checking and providing product information. Brazilian retailers are less likely to be found checking stock or taking mobile payments.

### What does this mean?

It's good news that many retailers are already using mobile devices to assist customers by checking prices and stock and even taking payments. That's just the beginning though. Astute retailers will enable sales associates to check stock not just in one store but across all stores and into the distribution and supply chain. Not only can retailers increase customer satisfaction but they can also enjoy more control over inventory management.

If retailers are to equip their assistants with mobile devices then it's vital they make sure those devices are fit for purpose. That means asking whether they are robust enough for a retail environment, if they have sufficient battery power to last a shift on the shop floor, and whether they can handle barcodes and RFID. A forward-thinking retailer will take these, and other factors, into account when planning their mobile strategy.

### ARE STORES ENABLING ASSISTANTS WITH MOBILE DEVICES?



# Data

## MAXIMISING VALUE FROM DATA COLLECTION

The volume of data that can be gathered about shopping preferences through loyalty programmes is massive. The question is how effectively retailers can analyse this data and utilise it to make offers more relevant and available.

Nearly 80% of our respondents said they use the data they collect to push personalised vouchers and around 70% to push personalised emails. This is often the first step in the road to creating a personalised experience for customers so it's no surprise that the figures here are high.

On the other hand just under half have moved onto the further step of pushing personalised offers to customers through their devices while they are instore.

Around half of our respondents are using the data to measure the success of their campaigns. This seems to be an opportunity lost for the other half, given that measurement and analysis of current campaigns is a vital input to the planning of future campaigns.

Analysis can also throw up opportunities to make a bigger sale by promoting linked products. Around two-thirds of retailers say they have the capability to do this.

Nearly two-thirds of respondents also say they are already analysing the data to identify different types of shoppers, enabling them to create promotions that are relevant to each category.

Two-thirds use data for stock management, helping staff to know when to replenish shelves, and just over half use data to improve

inventory decision making. Around half also build on the knowledge they gain about shopping habits to help plan staffing levels.

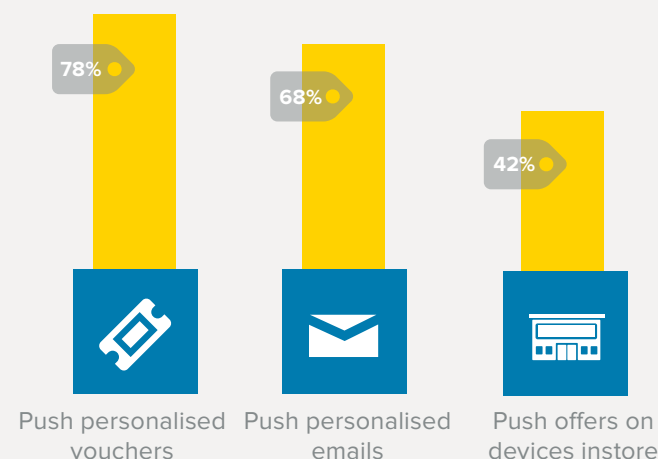
### Country highlights

Retailers in Chile and Colombia put pushing personalised offers through vouchers at the top of its rankings with over 90% of Colombian respondents saying they already do this. Colombian retailers lead the way in pushing personalised offers on devices instore. Chilean respondents are far more active in using data to improve inventory and staffing decision-making than those in Mexico or Brazil.

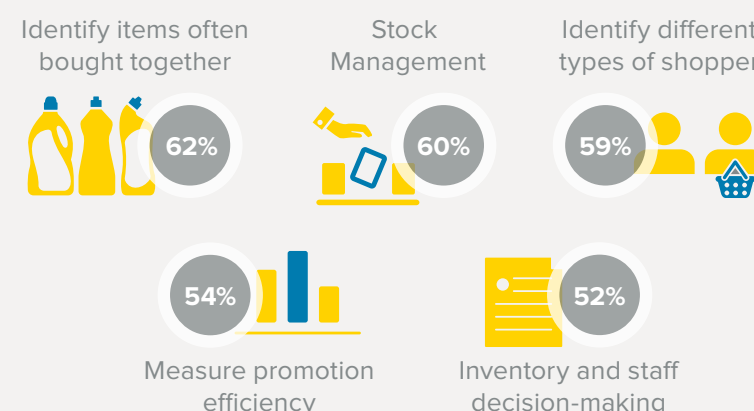
### What does this mean?

Building on collected data to improve experiences and efficiency only happens if the underlying technology is in place to capture that information through solutions - such as guest Wi-Fi, beacons, personal shopping devices, and apps for personal devices. And it's vital that the retailer has a strategy in place to make the most of the data that is collected - and that is a significant task.

### WHO'S USING DATA FOR BETTER TARGETED PROMOTIONS?



### WHO'S USING DATA TO IMPROVE BUSINESS EFFICIENCY?





# Communication

## COMMUNICATING OFFERS TO CUSTOMERS

A clear indicator of how far retailers have come in evolving the customer experience is the way in which they deliver offers. We've found a real mix of approaches, from generic to personalised, and from full printed catalogues to pushed promotions on mobile devices.

Today 80% of retailers are still sending out full printed catalogues and 60% of retailers are also printing their special offers. This isn't a cost-efficient approach and puts the onus on customers to search for what they want. In particular, catalogues downloaded to a mobile device are going to be difficult to view.

As a step forward into the digital age, half of retailers are emailing special offers to entice customers into the store.

Further down the path, there are interesting moves happening instore on the personalisation front.

Many retailers have told us they intend to push generic and personalised offers to customers while in the store. In some cases those messages will be relevant to the customer's previous buying history, and in other cases to their current location instore. Because these messages are timely and more targeted to an individual's preferences and situation, they are more likely to be viewed by the customer as a benefit rather than an intrusion, and acted upon. That delivers the dual benefit to the retailer of boosting impulse sales and encouraging the loyalty of a customer who feels the retailer understands their needs and desires.

### Country highlights

Printed catalogues are very popular across all the countries we surveyed, and printed special offers are widely used too, especially in Chile. Both of these approaches will have continuing support in the future, though slightly less so in Mexico.

At the same time there is growing enthusiasm for offers direct to customer devices across the board, with only Brazilian retailers being slightly less positive about future intentions.

### What does this mean?

There's plenty of room to get more personal when it comes to communicating offers. The retailers most likely to gain loyalty and advantage though are those who personalise offers based on what they know the customer likes and/or where they know the customer is within the store.

There's a good chance that customers will opt for the retailer that makes them feel like a valued and understood individual by using intelligence to send them relevant offers.

80% are still sending customers a full printed catalogue



And **half** send special offers by email



But in the future around **half** aim to send personalised offers to devices instore



# Barriers

## WHAT ARE THE CHALLENGES FOR TECHNOLOGY INVESTMENT?

There's a great deal to do in creating an excellent customer experience and much of it depends on getting the right technology in place. We wanted to know if some retailers are lagging in this area because there are challenges to be overcome internally. We asked if various factors represented a major or a minor challenge.

Interestingly, the IT respondents felt that there were few barriers to technology investment.

Where they did admit to challenges, the biggest issue for IT was a concern around security and data privacy, which around a fifth believed was a major challenge. On the other hand, half of the marketing respondents saw security and data privacy as a major challenge.

Perhaps more concerning, around half of marketers said they didn't know where to start. And more than 80% of marketers listed all the challenges as major or minor. That means they probably don't even know which issues they have to contend with. There is work to be done here in sharing knowledge about what is feasible and how it can be achieved.

**“Lack of priority at board level is the major issue with retailers in Chile and Brazil”**

### Country highlights

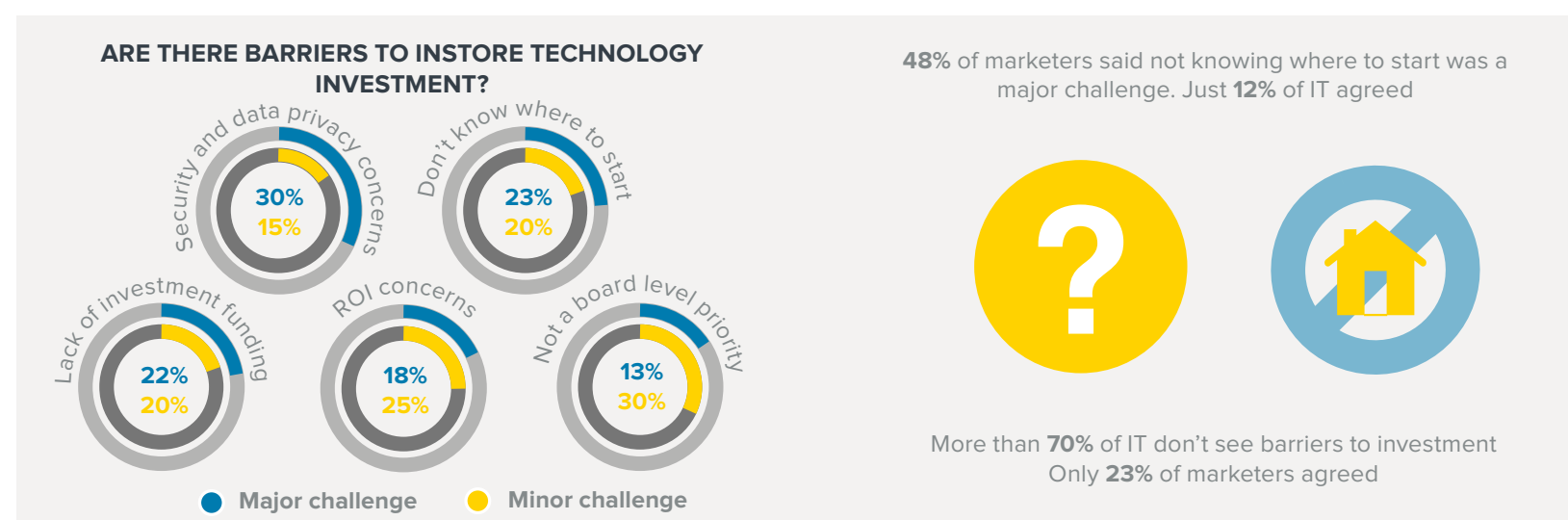
We saw very mixed results here. Top concerns in Colombia and Mexico are security and data privacy. Lack of priority at board level is the major issue with retailers in Chile and Brazil.

### What does this mean?

Responses suggest that marketing and IT may not be communicating sufficiently about how marketing strategy around the customer experience translates into sophisticated technology needs.

There is work to be done on both sides. Marketing needs to consider what it does to ensure the customer experience is delivered appropriately when the team does not necessarily understand the technology. IT needs to be sure it is listening to the strategy and creating an environment in which it can work beyond providing basic connectivity.

At the same time the challenges that are concerning people need to be addressed – with an emphasis on security and data privacy.



# Mobile marketing

## PERSONALISING THE CUSTOMER JOURNEY

Location-based mobile marketing enables retailers to know where a customer is and push location-based, personalised offers to their device at the right place and the right time, as the customer travels around the store.

**“Offers of help from sales associates can be managed more effectively”**

At the same time, offers of help from sales associates can be managed more effectively. Rather than offering help too soon, assistants can wait for an alert that a customer is dwelling at a point for a while and perhaps considering a decision.

Retailers can also add to their store of knowledge about how individuals shop and what influences their buying decisions. By monitoring individual and general progress around the store, retailers can understand which aisles and spaces are most often travelled, and plan promotions and stock layout accordingly. But they can only do that if they have the capability to analyse that data and apply it usefully.

### What does this mean?

Location-based marketing is a prime example of how developing technologies can be harnessed to help retailers understand their customers and deliver better service. Integrating new solutions requires a strategy that has the flexibility and strength to support new ideas now and into the future.

### HOW DO YOU USE TECHNOLOGIES SUCH AS BLUETOOTH BEACONS OR GPS FOR MOBILE MARKETING?



Greet the customer



Provide directions based on shopping list



Determine most visited areas



Push promotions at different points around the store



Notice when customers have stopped anywhere



# Conclusion

## TECHNOLOGY CAN DRIVE A BETTER INSTORE CUSTOMER EXPERIENCE

Retailers in Latin America have the opportunity to give customers the quality of experience they crave – and that retailers in many countries globally are already delivering. Failure to deliver risks losing customers – even the traditionally loyal – to competitors who are creating better, more personalised experiences.

So what do retailers need to do to make sure they stay ahead of the competition?

First they need to understand the customer point of view. That means not just analysing what customers buy, but also how they approach their shopping journey, the route they take, and the places where they dwell as well as how they choose to track and pay for their shopping.

By understand what excites the customer, retailers can drive personalised promotions before and during the shopping experience, based, for example, on previous buying history and location-tracking within the store.

Personal assistance instore is high on the agenda for many. The key is to know when and how to offer assistance – for example, when it's clear that they are dwelling in one spot.

If customers want to buy, retailers must ensure that stock is on the shelves. If it's not they need to empower staff with appropriate technology to know where it can be found in other stores, distribution centres or elsewhere in the supply chain. And then they need to determine how that item will reach the customer – delivered to the store, picked up from another store or delivered to a home address?

**“Success requires communication between marketing and IT”**

As well as all that, retailers will need to ensure speed, efficiency and convenience are built into the shopping experience.

These are demanding challenges and retailers will need to call on sophisticated technology to optimise the various strands of data collection, marketing and service delivery to achieve the greatest benefits. While the base infrastructure may well already be in place for many organisations, a forward-thinking strategy that builds on that technology is vital.

And success requires communication between marketing and IT to understand what is needed and how it can be achieved.

