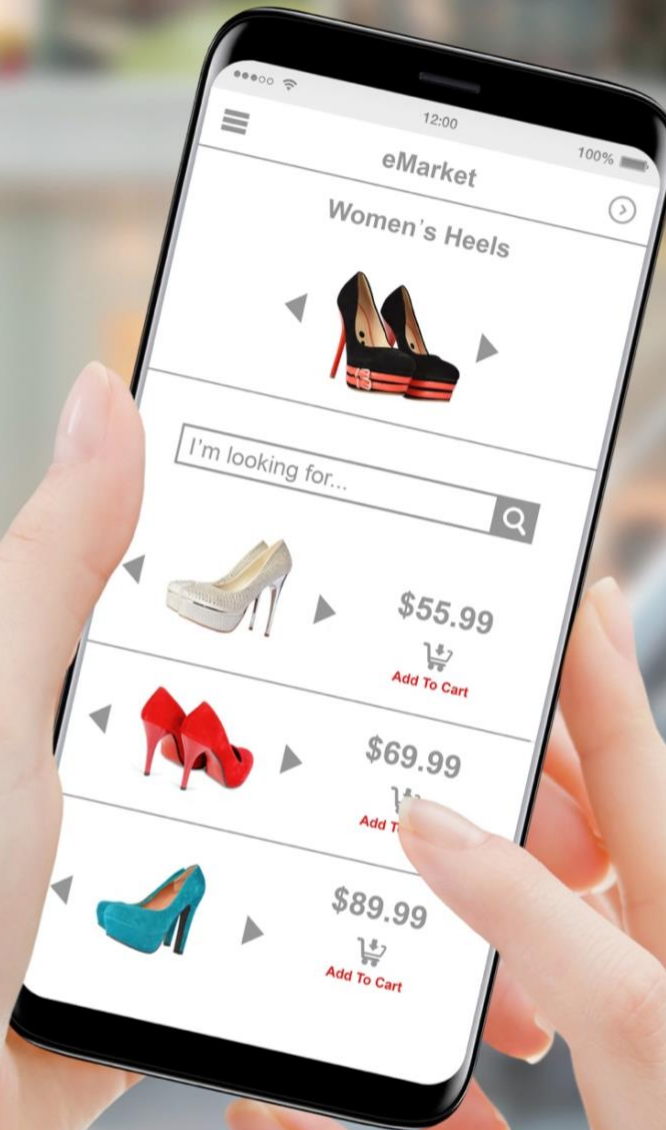


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2019 SPECIAL REPORT: The Mobilization of Retail

THE MOBILIZATION OF RETAIL KEY FINDINGS

CUSTOMER
EXPECTATIONSRETAILER
OPPORTUNITIES

41%

of consumers plan to increase their shopping frequency on their phone or tablet within 2 years

plan to improve the mobile shopping experience to ensure they are meeting their customers' expectations

41%

67%

are likely to shop with a retailer that offers mobile coupons instead of one that doesn't offer them

indicate that offering coupons/ discounts is a key feature to offer on their mobile app/website

40%

39%

are comfortable with mobile identification when they walk in the store to personalize the experience

plan to identify customers when they walk in the store using their mobile device and WiFi

61%

The Power of Mobile

The traditional retail model has experienced significant disruption over the last decade. This disruption is driven by new technologies, such as mobile, putting additional information and enhanced functionality into the hands of both customers and associates. This, in turn, has increased customer expectations as she now has more shopping options than ever before with more competitive pricing, greater merchandise assortments and faster delivery to get her desired product where and when she needs it. This makes the customer journey more complicated and varied than ever before.

Consumers now start and stop their shopping journey in different channels and frequently shop for the same product across different retailers, via mobile, online or in-store. The path to purchase also varies by consumer and type of product being purchased. The customer expects a frictionless shopping experience across an entire brand and she doesn't want disruptions as she crosses individual channels or locations. She expects her experience to be seamless as her "shopping cart" and browsing history follows her throughout her journey.

The growth of digital – both online and mobile – is driving demand for increased digital capabilities bundled with personalization in the store. Retailers must undergo a transformation to succeed in today's demanding environment. This transformation requires a true unified commerce approach, delivering the convergence of the digital and



Customer expectation
41% of consumers plan to increase their shopping frequency on their phone or tablet within 2 years

physical shopping experiences to create a holistic customer shopping experience.

There is no denying the power of mobile technology as a major disruptor in the retail industry. The proliferation and convenience of mobile devices has completely changed shopping behaviors and elevated customer expectations. Mobile shopping will continue to grow as 41% of consumers in the BRP Consumer Study¹ indicate they plan to increase their shopping frequency on their phone or tablet in the next 24 months.

However, shopping via a phone is just one way that mobile devices are becoming more pervasive. Many consumers use their mobile devices as a research tool throughout the shopping journey. In fact, 34% use their phone while in a store to compare prices and 28% look for offers/coupons.

A retailer's mobile capabilities can actually be a major driver for where a consumer chooses to shop, with 67% choosing a store based on the availability of mobile coupons and 64% choosing a store based on product information availability via a mobile device.

The *SPECIAL REPORT: The Mobilization of Retail* is based on findings from the BRP Consumer Study and the 2019 Unified Commerce Survey.

To download the Unified Commerce Survey, visit

<https://brpconsulting.com/download/2019-unified-commerce-survey/>

¹ 2019 Consumer Shopping Habits – The Generation Gap, April 16, 2019, <https://brpconsulting.com/download/2019-consumer-shopping-survey/>

Mobile Capabilities

Mobile technology is driving retailers to upgrade and replace applications and systems to stay ahead of their competitors' customer experience offerings and to keep up with their very informed and technology-savvy customers.

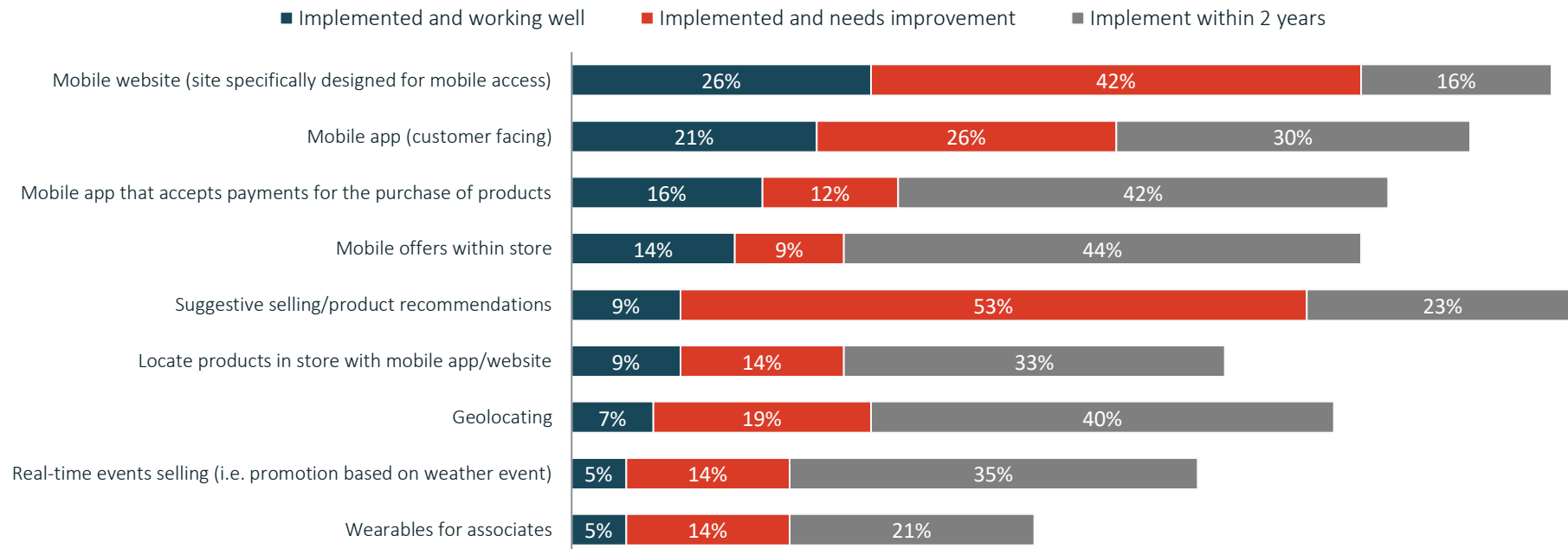
Many retailers realize that the expansion of mobile capabilities represents a huge customer engagement opportunity. In fact, improving the mobile shopping experience is a top priority for 41% of the retailers surveyed. While the main goal of mobile technology from a retailer standpoint may be to drive sales, it is also the conduit that bridges the convergence of the digital and physical experiences.



Retailer opportunity
41% plan to improve the mobile experience to ensure they are meeting their customers' expectations

Today, more retailers focus on mobile websites than separate native mobile apps, with 68% of retailers offering a mobile website and 47% offering a mobile app (Exhibit 1). The current trend in the industry is to use Progressive Web Apps, which combine the best of both worlds – the flexibility and comprehensiveness of a website with the rich experience of a native app. Mobile website capabilities, with many of the benefits of an app, seem to be leading more retailers to

Exhibit 1
Mobile capabilities





Customer expectation
67% are likely to shop with a retailer that offers mobile coupons instead of one that doesn't offer them

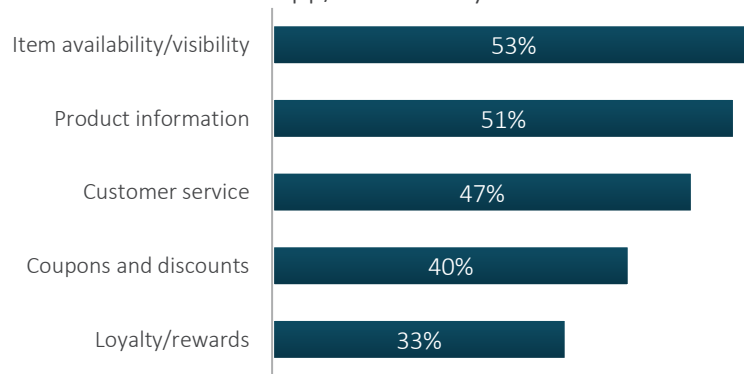


Retailer opportunity
40% indicate that offering coupons/ discounts is a key feature to offer on their mobile app/website

optimize their mobile websites instead of building an app to engage their customers. Whether retailers use a mobile website, mobile app or both, more than half of retailers indicate that their mobile commerce capabilities need improvement.

Mobile apps/websites are critical to customer engagement as customers research and shop across multiple channels. Even if the final purchase occurs in the store, most purchases are influenced by digital features. Providing information is helpful to customers as they research and shop. Mobile features such as item availability (53%), product information (51%) and coupons and discounts (40%), help consumers make better choices and provide incentives to purchase from the brand (Exhibit 2).

Exhibit 2
Mobile app/website key features



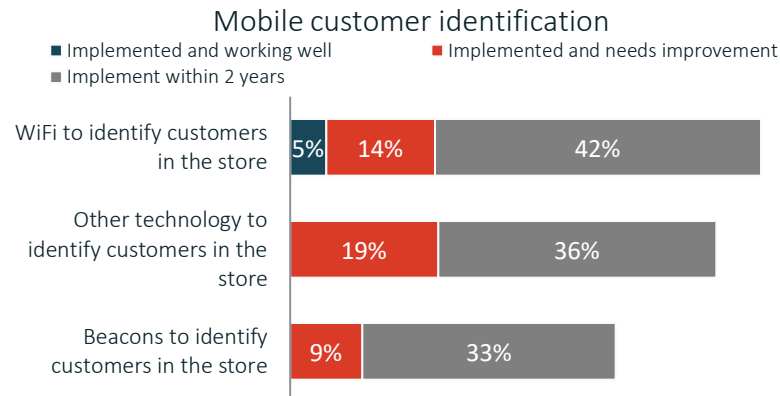
Mobile Customer Identification

Customer identification in the store is imperative for retailers to personalize the customer's shopping experience and mobile devices play a big role in this capability. Without early identification of the customer, retailers miss critical engagement opportunities to deliver a personalized customer experience and increase sales.

Over the last few years we have seen significant progress and interest in newer technology methods utilized in tandem with the customer's mobile phone to identify customers when they enter the store. The most prevalent technologies that retailers are currently using to identify customers are WiFi (19%), and beacons (9%) with 19% of retailers using other technologies, although in all cases there is much room for improvement (Exhibit 3).

The big trend in customer identification lies within retailers' future plans. Within two years, 61% of retailers plan to use WiFi, 42% plan to use beacons, and 55% plan to use other technology for mobile customer identification. It is interesting that there does not seem to be one technology choice that is 'winning' – retailers are embracing a number of different technologies to cast a wide net and identify

Exhibit 3



Customer expectation
39% are comfortable with mobile identification when they walk in the store to personalize the experience

and track as many customers as possible as soon as they enter the store. Offering the right value-added digital capabilities via mobile to customers as they enter the store is probably the final answer to achieving much higher customer identification, as customer identification requires consumers to opt-in.

Even with the best technologies to identify consumers, retailers need to convince consumers to opt-in to customer identification. They need to make it "valuable" enough for consumers to want to be recognized. Based on the BRP Consumer Survey, the most effective incentives to compel customers to allow identification are driven by discounts and special offers: loyalty points/dollars (41%), specialized offers and discounts (34%), product incentives (27%) and credit towards future purchases (26%).

Retailers are looking at opportunities to utilize mobile device information to identify a customer based on fraud analytics. Retailers can use the IP or MAC address or telephone number as a key identifier for developing a customer risk profile. This same information can be used in conjunction with a retailer's store WiFi to track in-store customer counts and wayfinding.

Mobile technology in the hands of consumers and retail associates is driving the transformation of the customer engagement model. Retailers must upgrade and replace mobile technology to keep up with their very informed and technology-savvy customers and to stay ahead of the competition.

The Mobile Experience

The abundance of mobile devices is only the beginning. Wearables are now available to the masses, with an estimated 46 million Apple Watch purchases made since its introduction in 2015. As wearables become more pervasive, the shopping and checkout experience will change further as shoppers may simultaneously browse online while shopping within the store, and then simply wave their watch to purchase items. The future will likely see new and exciting ways that customers use 'wearables,' which will shape their expectations and experience.

While the shift to mobile tools can dramatically enhance the shopping experience and reduce retailers' total technology costs, it brings its share of challenges. As with any new technology, these innovative mobile approaches require a fundamental change in processes and corresponding training to educate sales associates and customers to convince them to try and use the new processes.

The expanded use of mobile devices in the store has also resulted in retailers taking a much different approach to budgeting and executing lifecycle management. These devices have a much shorter useful life than the legacy POS they are augmenting; often needing to be replaced every 3-4 years. Additionally, the need to plan for batteries that will not last an entire shift and docking stations in the stores are all new challenges for retailers.



Retailer opportunity

61% plan to identify customers when they walk in the store using their mobile device and WiFi

To make the best use of these mobile technologies in the store, retailers need to have highly available and redundant in-store networks as well as a holistic approach to real-time retail data. Having a mobile device and engaging with the customer anywhere at any time during their shopping journey will deliver an experience that is as good as the data shared with the customer.

This area is clearly transforming retailers' customer engagement model, operational budgets, in-store procedures and layouts. Mobile capabilities and expectations continue to evolve rapidly and need to be a significant part of a retailer's customer engagement strategy.



About BRP

BRP is an innovative retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

Strategy
Point of Sale (POS)
CRM
Order Management
Supply Chain

Business Intelligence
Mobile POS
Unified Commerce
E-Commerce
Networks

Business Process Optimization
Payment Security
Customer Experience & Engagement
Merchandise Management
Private Equity

For more information or assistance on any of the topics covered in this white paper, please contact:

Ken Morris, Principal
(617) 880-9355
Ken.Morris@brpconsulting.com

Perry Kramer, SVP and Practice Lead
(617) 899-7543
Perry.Kramer@brpconsulting.com

Kathleen Fischer, Director of Marketing
(330) 289-3342
Kathleen.Fischer@brpconsulting.com

Jeffrey Neville, SVP and Practice Lead
(603) 325-2014
Jeffrey.Neville@brpconsulting.com

BRP

Atlanta | Boston | Chicago | Dallas | Denver | San Francisco

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