

# THE ONLINE WORLD COMES IN STORE



**SHOPPING** There's more to the e-retail revolution than buying things online. These days mobile technology can even help improve your experience in-store, writes **Simon Brooke**

Over the next few years the way in which consumers shop will change radically. Just as cash has been challenged by credit and debit cards, these familiar pieces of plastic will find themselves made obsolete by handheld communications technology. As well as paying more quickly and easily customers can make instant price comparisons, find detailed product information within seconds and receive vouchers and promotions as they walk around a store or a shopping street.

Perhaps most importantly, instead of taking a friend shopping with them, consumers will be able to take hundreds of friends – as well as strangers – into any store and even into a changing room, thanks to a combination of new technology and the growth of social media.

"Technology will mean that consumers are better informed and more demanding than ever before," says Richard Braham of the British Retail Consortium. "The UK already leads the world in e-commerce and retail technology and, as the digital world expands, there will be both challenges and opportunities for retailers regarding how they compete for customers."

Some of these technologies are already in use in certain stores and are about to be rolled out more widely while others are in development but will be "in stock," in shops around the country all too soon.

**01.** A customer walking near a shop receives a message on their mobile with information about products now available from the store. The system knows from previous purchases what that customer is interested in, and sends a code to their phone offering them a discount. "Through our O2 More service we already have over 2 million customers opted in to receive deals from a wide range of big brands," says a spokesman for O2. "Customers tell us what they're interested in and we match this with what we know about them in terms of age and spend and we can then send relevant offers by text message." O2 have already started to include location to this mix. "For Starbucks we created a geographical ring or 'geofence' around a store. When an opted-in customer enters this 'ring' they receive a text message offering them, say, 50p off a latte. They simply show their mobile with the text message at the counter for the discount."

**02.** A shopper entering a shop or restaurant scans a code at the entrance using the QR reader on their phone. As a result a voucher appears on their phone's screen offer-

ing discounts and promotions. Location based advertising company Rippl has created the first of these for Bar Rumba in Shaftsbury Avenue, to go live later this month.

**03.** "Check-in" culture means that customers "check-in" with each other using location based social media such as Foursquare or Facebook Places to see who else is in the store or is near them in a shopping centre. They can then exchange news and comments about what they've seen or products that they're buying.

**04.** Scanning the barcode with a smart phone, thanks to an app such as Barcode Hero, a customer can compare prices and similar products in stores nearby. Also available with these apps will be customer reviews and offers of alternative products in the same category.

**05.** Interested in a product, a customer consults Facebook to see who else has bought it and what they think of it. Using their phone to read the barcode they upload it on to their own page as well as looking at the store's Facebook page to see references to it there. In January O2 launched O2 Wi-

fi, which will see the installation of thousands of free, public Wi-Fi hotspots across the UK. This will allow retailers to offer their customers high speed access to the internet using a smartphone, tablet or laptop free of charge for social media and other online applications.

**06.** Augmented Reality, which involves overlaying real time images of the world through a smartphone and then superimposing onto this image information about what is being viewed, allows a customer to see exactly what a dress, jacket or a pair of trousers looks like on them.

**07.** Magic Mirror, which is being rolled out across retailers around the world, allows customers in the fitting room to take photographs of themselves wearing an item of clothing and then text or email the picture to friends or upload it to their Facebook, to see what others think of it.

**08.** By reading the bar code on a product with their smartphone a customer receives a video showing them how the product is made, information about its Fair Trade status or footage of catwalk shows.



**09.** Cameras within stores and shopping centres use facial recognition technology to see how many men versus women or younger rather than older people visit various parts of the shop, at what times of day and how much time they spend there. The Affective Computing Group at the Massachusetts Institute of Technology produces technology that can identify a person's emotional state by their facial expressions or changes to their skin with a biosensor. Connected through smart phones or in-store cameras and sensors this could be used to offer customers information about products and services which match their current mood.

**10.** A customer touches their phone on a payments terminal near a check out. Visa and Samsung have just announced a project to integrate payments systems into mobile phones. To make payments, customers just choose the Visa mobile contactless application on their phone, select pay and hold the phone in front of a contactless reader at the point of purchase, be it a shop, restaurant or station. "Contactless payment points for cards have been around for some-

time - there are currently 60,000 in the UK and from next year you'll be able to use them on Tubes and buses in London - but using your mobile phone instead of a card is the next stage," says Mary Carol, Vice President, Mobile at Visa, the payments system provider. "You'll have your wallet on your phone." In the second half of this year O2 plans to launch mobile wallet type services whereby a customer will have a stored value account loaded onto their mobile phone.

**11.** A customer wheels a trolley out of a supermarket without having gone anywhere near a till to pay - but they're not shoplifting. Radio frequency identification (RFID) tags on each item are picked up by sensors near the shop's exit. "The system calculates your bill and then charges the credit card you've registered with the supermarket," explains George Ioannou of retail technology consultancy Maginus. In Japan Fujitsu, the department store chain Mitsukoshi, and Shiseido, a cosmetics manufacturer, have collaborated to insert RFID tags into lipsticks and eye shadows amongst other items. Customers can view detailed product information on a terminal by waving these tagged products over its RFID reader. ●

## THE FUTURE OF RETAIL: MIXING PIXELS WITH BRICKS AND MORTAR

**INTEGRATION** E-retail is changing the way we think about shopping, but the most successful businesses will be those which can make the physical and the virtual worlds work in harmony, writes Michael Dempsey

■ The heady days of the internet boom in the late 1990s saw websites touted as a replacement for conventional shopping. But as with every other communications channel introduced during the Twentieth century, the internet learnt to settle down and co-exist with established systems. The users dictated how internet retail had to adapt to reality. Customers flip between channels during their journey through research towards a decision and a purchase. The effective e-retail operation recognises this and integrates the channels on offer.

### INTEGRATED APPROACH

Home goods giant Argos is a prime example of the integrated channel approach to retail. The company was established using printed catalogues and high street outlets that dispense with a showroom, relying on prior research by the customer who orders and waits at the Argos shop for the goods to be produced. Argos has not tampered with this sales mechanism, but has gradually added layers of technology that permit customers to mix and match communications channels before they make their purchase.

Argos has always sought to create a multi-channel relationship with its customers and multi-channel sales hit £1.9 billion during the year to April 2011. Argos is happy for a customer to browse through its website, register a phone number for text updates on product availability and then travel to a local store to pick up their item. Around one third of its revenues come from customers who reserve a product online but travel to a store to pick it up. This is known among retailers as the "click and collect" approach and this type of flexibility encourages consumers to experiment with new media. An Argos app for Apple iPhones was launched in May 2010, achieving over 500,000 downloads in less than a month.

The biggest challenge to running a successful multi-channel retail operation is ensuring continuity of brand across different platforms. The consumer will not warm to a new route into a retailer if it is inconsistent with his or her prior experience or expectations.

Carla Parry, Social Media Marketing Manager at Argos, describes how integrating new channels with the traditional outlet that has just

launched the 75th edition of its catalogue is critical. "It is crucial that we are speaking with one consistent brand voice to our customers." This fixation with consistency means that Argos' eCommerce customer service team sits inside the central customer relations unit and employs an Argos template when responding to queries that arrive by Facebook and Twitter. Ms Parry relates how this team uses "a tone of voice that is consistent with the Argos brand, while mindful that they are operating in a social space where you may only have 140 characters to answer a query."

The Argos approach proves that it is possible to maintain brand consistency by building on a strong existing brand and putting integration first. This is the starting point for a new generation of e-retail tools.

Phil Parry, group technical director at DigiPos, thinks eCommerce can only evolve by staying true to its roots. "Ultimately, the physical and psychological nature of shopping will not go away." His company manufactures point of sale devices that accept card payments. This unglamorous background gives DigiPos a pragmatic take on new trends. MobileShopper is its own contribution to a burgeoning market in e-retail products.

### BRICKS AND MORTAR

MobileShopper is a smartphone application that can be downloaded to give the user a portal designed for a specific retail outlet. The MobileShopper user is still operating inside a bricks and mortar store, but Mr Parry believes his app gives them the edge over other shoppers. This app allows the user to locate and pay for goods without queuing at a till. "We are using the mobile device and the physical store to complement each other" he says, before turning his ire on the queues he hopes to banish.

"The big in-store bottleneck is the number of tills that are open." Mr Parry fumes. He thinks that the computer power residing in mobile devices can be harnessed to outflank

queues, with app-wielding customers pausing at a VIP counter to de-tag their goods and escape the long wait to complete a purchase that deters and depresses the buying public.

Mr Parry admits that for the retailer brand identity remains the first priority when adopting mobile channels. DigiPos is hoping to inject some cachet into shopping trips undertaken with a ticket to the electronic fast lane. This promise of brand enhancement is what will really attract retailers to DigiPos' technology. MobileShopper will add a first-class lustre to a hitherto dull purchasing process.

Threats to the rise of e-retail remain. Research undertaken by pollster YouGov on behalf of online payments business eWise indicates that fear of fraud has shaken public confidence in e-retail channels. Of the 2,100 online shoppers questioned by YouGov 88 per cent had either been the victim of fraud or were worried about falling prey to fraud while shopping online.

And the idea that consumers are attracted to online shopping by ease of use was given short shrift by the respondents, 64 per cent of whom had abandoned a purchase due to problems concluding a payment while negotiating security checks. Integration swings both ways, notes John France, managing director of eWise. He says that frustrated customers present the retail world with an integrated challenge. "Everyone involved in the transaction suffers. The consumer abandons the purchase through frustration, the merchant doesn't process the sale and the payment isn't processed by the bank."

This research underlines the shallow confidence consumers have in online channels. e-retailers have to engage with customer fears and grouches and adopt the robust approach to integration taken by businesses such as Argos. The e-retail world has only a tenuous grasp on the loyalty of its customers and it ignores this at its peril. ●

▲ An app allows you to find and pay for goods without ever having to queue at a till