

## Driving In-Store Conversions with Next-Gen Digital Tools

Successful omnichannel retailing requires the seamless merging of physical and digital worlds. Eager to create this all-channel environment, retailers must adopt solutions that not only provide an easy digital experience in-store, but also enables them to seamlessly connect with customers throughout their shopping journey. By leveraging next-generation connectivity strategies that support innovative solutions designed to personalize interactions, retailers are primed to redefine customer engagement.

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“ [Retailers] can help consumers take control of their shopping experience, while also increasing sales potential, and adding value and differentiation.”

**PATRICK DODD,**  
PRESIDENT, GLOBAL  
RETAILER VERTICAL,  
NIELSEN

When many retailers began their omnichannel journey, they initially focused solely on the evolving importance of their e-commerce channel. Soon, the omnichannel model evolved into a way to merge digital channels within retailers’ brick-and-mortar locations. As omnichannel expands however, forward-thinking initiatives should deliver a more user-friendly, convenient and personalized experience — a move that not only improves brand relevancy, but also drives in-store engagement levels, basket size and shopper satisfaction, as summarized in “Global E-Commerce and the New Retail Survey,” a report from Nielsen.

By merging innovative digital touch points at store-level, retailers “can help consumers take control of their shopping experience, while also increasing sales potential, and adding value and differentiation,” Patrick Dodd, Nielsen’s president, global retailer vertical, said in the report.

In consumers’ minds, these digital channels have most definitely merged. Currently, 70% of shoppers champion their shopping journey, one that often begins with brand and product interaction via digital devices outside of the four walls of a store, according to “The New Digital Divide,” a report from Accenture.

Based on these interactions, shoppers are ready to enter their favorite store, and hit the ground running. However, these interactions have also increased customer expectations. Waiting in line to be serviced or checked out is not an option. Further, shoppers expect the same seamless experience, service and information garnered through digital channels to be available in-store.

For retailers however, the concept of a truly merged digital business model is still a pipe dream. A majority of companies (88%) believe their consumers’ expectations outpace their ability to deliver cross-channel experiences, and worse, 90% find consumers’ channel



Consumers that champion their shopping journey, one that often begins with brand and product interaction via digital devices outside of the four walls of a store.

*Source: Accenture, "The New Digital Divide"*

navigation when making purchase decisions unpredictable, according to Retail Systems Research’s report, “Omni-Channel 2015: Taking Time, Money, Commitment and Technology.”

On a positive note, brands do believe it is important to understand their shoppers’ navigation behavior. Armed with this information, retailers can provide a more engaging shopping experience at the store-level, similar to the one they have grown accustomed to in the online space.

At the heart of this transition is the adoption of new digital touch points that drive personal interaction and insight into consumer demand throughout the store visit. Companies that effectively use these tools are able to truly merge the physical and digital channels, and convert shoppers at a 20% higher rate compared with those who do not use digital influences throughout the shopping process, Accenture’s report said.

Retailers that can make the transition will watch in-store digital engagement take on a new meaning — one that not only simplifies the shopping experience, but also supports flexible and personalized service.

### **Build a Connectivity Framework**

As digital touch points become the focal point of the new retailing reality, network downtime is not an option. While no company wants to be caught offline, missteps do happen. Among companies that have been impacted, the average cost of a data center outage is \$740,357 — a jump from \$505,502 in 2010, according to “Cost of Data Center Outages: Data Center Performance Benchmark Series,” a report from Ponemon Institute.

Dynamic retailers require reliable networks that can support connectivity among evolving, robust digital engagement efforts. Evaluating current store net-



“To help ensure these applications have a reliable, stable, and strong network connection, retailers are turning to the flexibility and strength of cloud-managed LTE network solutions.”

**KEN HOSAC, VP OF  
BUSINESS DEVELOPMENT,  
CRADLEPOINT**

Cradlepoint is the global leader in software-defined 4G LTE networking solutions, providing secure, business-grade connectivity to distributed enterprises with hundreds or thousands of locations. Cradlepoint was the first to pioneer and fully enable high-speed LTE solutions to maximize the potential of the cloud for businesses worldwide. <https://cradlepoint.com>



## The Network is the Bedrock of an Engaging In-Store Experience

**Q: The key to omnichannel success is to use digital engagement to stay relevant among shoppers. What does this entail?**

**KEN HOSAC:** This is a moving target as digital signage, kiosk machines, customer WiFi and in-store applications become more involved and more complex. The days of having a static advertisement loop at the front of the store are gone; engagement has evolved to personally targeted advertisements in real time. With enhancements to facial recognition, digital signs alone have morphed into analyzing the demographic of customers to provide ads relatable to that customer, increasing attach rates, customer satisfaction, and overall revenue.

**Q: Digital engagement requires a reliable, stable connection. What are the key elements of these networks?**

**HOSAC:** To help ensure these applications have a reliable, stable, and strong network connection retailers are turning to the flexibility and strength of cloud-managed LTE network solutions. Due to the multitude of deployment locations, there is no simple “one fixed line approach,” retailers need more flexibility with less cost. For example, we can utilize external antennae to help amplify a weaker signal and penetrate through the metallic casing of the kiosk. Also, with the almost constant improvement of cellular networks, we have the agility to ensure a valid solution at each site. Lastly, thanks to the cloud, customers can manage and monitor their network from anywhere.

**Q: Where do retailers often struggle in this journey?**

**HOSAC:** The transition to a LTE networking strategy can seem overwhelming due to multiple factors. Is the signal reliable? How do we monitor data overages? How do we monitor the units once they are deployed? Even if the product line is reliable, flexible and easy to configure; once the units are deployed, how do I manage them? Cloud management solutions give retailers a window into their network while providing real-time alerts, configuration changes and the ability to upgrade firmware.

**Q: What role does cloud management play in maintaining in-store networks?**

**HOSAC:** The role network cloud management plays in maintaining in-store connectivity for digital engagement is vital. With networks moving away from the older terrestrial lines to new cellular connections, having a way to manage those devices becomes even more imperative. Since cellular networks do not require digging new trenches or activating lines, you have a significant reduction in the time it takes to spin up a new site. Then when you add on the ability to manage all the devices through the cloud, it ensures everything is set from a PCI Compliance standpoint and eliminates the need for truck rolls.

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Retailers that find consumers' channel navigation unpredictable.

Source: Retail Systems Research, "Omni-Channel 2015: Taking Time, Money, Commitment and Technology"

works to determine whether wireless infrastructures can handle next-gen digital technologies and associated functionality is only the first step. To stay ahead of the curve, companies need to consider what future initiatives they would like to pursue, and whether networks can support these considerations.

The good news is wide area network (WAN) and WiFi upgrades are among retailers' top five priorities this year, with 29% of companies focused on bolstering in-store digital capabilities, according to "The 13th Annual Store Systems Study 2016: Retail Technology Spend Trends," a report from *RIS News*.

### Implement Parallel Networking, Bring Your Own Network

Increasing consumer adoption of digital solutions clearly takes a toll on existing network infrastructures. What retailers often forget however, is the additional strain that third-party partners' services put on wireless networks.

Whether supporting a third-party vending machine or maintaining digital touch points across store-within-a-store concepts, retailers are on the hot-seat to manage these complex configurations, segment users on the same network, and most importantly, keep connections online. And they must do all this while mitigating security risks. Enter the value of parallel networking.

Often referred to as air-gapped or air-wall networks, parallel networks act as a network security measure. These devices segment and isolate enterprise networks from unsecured connections, such as the public Internet or unsecured LANs. While data is transmitted simultaneously, traffic is segmented into security zones to mitigate risk. Understandably, retailer interest is increasing mostly due to the frequency and breadth of network security breaches happening industry-wide.

To further secure networks and sensitive data the



“If the business objective is to increase sales, then retailers must repeatedly ask, ‘Why will digital improve sales?’”

**TIM TANG,**  
DIRECTOR OF ENTERPRISE  
SOLUTIONS, HUGHES

Hughes provides retailers with solutions to enhance the customer experience and increase employee satisfaction while reducing store operational costs and increasing revenue. Hughes delivers PCI compliant, secure high capacity networks with strong QoS and optimized performance for communications, in-store mobility, training, digital signage, and more; powering the omni-channel enabled store.

**HUGHES**  
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# The “Why” Behind Digital Engagement

## **Q: How do you develop an effective digital strategy for customer engagement?**

**TIM TANG:** In order to realize the full business potential of in-store, digital customer engagement initiatives (e.g., mobile, WiFi, digital signage, clienteling, etc.), retailers need greater clarity as to “why” digital is expected to impact the business. If the business objective is to increase sales, then retailers must repeatedly ask, “Why will digital improve sales?”

Answers will vary substantially from one retailer to the next. For retailers with high customer traffic, the best way to drive sales may be to increase the average basket size through relevant digital signage or mobile promotions to the in-store customer. For retailers with low store traffic, an effective way to drive sales may be to leverage mobile-app-equipped social shopping tools to encourage in-store customers to share their experience with out-of-store friends.

## **Q: What are some best practices regarding digital customer engagement?**

**TANG:** For retailers who are already in the midst of their digital journey, the answer may not be to deploy another new digital “toy,” but rather, optimize the deployment of existing solutions. The right digital initiative with the wrong implementation will lead to disappointing results.

Far too many retailers have deployed hundreds, if not thousands of iPads, to the stores only to have them left in the drawers. A salesperson (particularly those on commission) only needs one bad experience of a customer walking away to reject any new store technology. If consumers at home won’t wait longer than six seconds for a web page to download, why would they be willing to wait any longer in the store?

The good news is that customers are not shy about telling retailers what they think of their store experience, particularly the digital experience. In addition to the traditional feedback channels, retailers will want to closely monitor social channels for informal signs of customer dissatisfaction.

The “why” is critical! Customers complaining about an unsatisfactory mobile experience, might be referring to a complicated user interface, poor WiFi coverage, or insufficient Internet access. Different problems may be described with similar terms. Retailers need to deploy intelligent tools to proactively ensure a high “quality of experience.”

## **Q: Where is the low-hanging digital opportunity?**

**TANG:** For some retailers the most effective solution to driving customer engagement in the store may not involve the customer at all. Many retailers have been far more successful in impacting the store’s business and operational KPIs with employee-engaging digital solutions.

Yesterday’s training solutions designed for employees who only needed to keep shelves stocked are insufficient for today’s brand ambassador who is the master of the customer’s in-store experience.

## **Q: What else do retailers need to know about digital customer engagement?**

**TANG:** The most common problem with digital customer engagement is “new world” applications running over “old world” networks. While many have readily concluded that T1/MPLS is too expensive for too little capacity and “best-effort” broadband is insufficient to meet enterprise performance requirements, retailers are encouraged to keep looking. Dramatic advancements, such as, WAN optimization, network security, and SD-WANs, have provided market-proven, scalable solutions ready to satisfy the retail industry’s need for effective digital customer engagement.



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Source: RIS News, "The 13th Annual Store Systems Study 2016: Retail Technology Spend Trends"

use of bring your own network (BYON) options is on the rise — especially among retailers that partner with third parties to create store-within-a-store concepts. For example, Jackson-Hewitt of Northern Georgia offers tax preparation services in various Walmart and Kmart stores. However, the labor, time and costs associated with establishing a presence at store-level can be cumbersome. Besides coordinating with multiple phone companies to provision Internet service in different store locations, Jackson-Hewitt's set-up fees can hit \$300 per site, in addition to incurred monthly fees. And since its service is seasonal, Jackson-Hewitt must cancel and disconnect network services at the end of each tax season.

By adopting a 3G/4G/LTE solution, "store managers no longer have to worry about the impact of foreign DSL and phone lines because we can BYON," said John Beazle, Jackson-Hewitt franchise owner, adding that this network supports WiFi and digital engagement needs directly in the Jackson-Hewitt kiosk, with no security threat to the hosting store.

### Personalize Marketing Efforts

Shoppers are accustomed to channel-hopping and device-swapping, and they expect a consistent, personalized experience. Brands are quickly learning that traditional loyalty programs are no longer viable in the digitally-influenced retail era — let alone a multichannel shopping experience — forcing them to adopt new personalization strategies.

For some brands, this means seamlessly transitioning the shopper's online experience from their personal desktop or laptop to an in-store kiosk. For others, this includes featuring dedicated mobile apps that provide personalized updates of a user's accrued loyalty points, the closest store locations and directions, as well as saved online orders. For Roche Bros. Su-



The rate that retailers using digital touch points convert shoppers compared to those companies that do not use digital influences throughout the shopping process

Source: Accenture, "The New Digital Divide"

permarkets, personalization is about delivering individual online experiences to shoppers based on their purchase behaviors.

"Using a platform that supports a proprietary machine-learning recommendation and personalization engine, we will provide a new [online] user interface, a personalized homepage, and customer-specific product recommendations," said Geoff Farrington, the grocer's e-commerce operations manager. "This interface is also mobile- and tablet-adaptive, making it more relevant, convenient, and engaging for current and future Roche Bros. customers to shop and receive their groceries any way they choose."

The machine-learning engine continuously analyzes each shopper's individual purchasing behavior, and then presents product recommendations throughout the online shopping experience. The solution also personalizes the grocer's product catalog to individual shoppers, presenting the most relevant merchandise across each product category, as well as filtered attributes, such as organic, sale items, locally-sourced and gluten-free products, and in-store specials. Further, shoppers will receive personalized notifications about sales and offers on previously-purchased products, and new merchandise options.

"With thousands of products for sale at Roche Bros., this recommendation engine will help customers quickly and efficiently find what they are looking for, and discover other products that might also be appealing to them," he said.

The new personalization engine will go live later this year.

## Deploy Location-Based Proximity Solutions

Smart technology, both phones and tablets, have changed the digital engagement game, giving retail-



**\$740,357**

Average cost of a data center outage.

Source: Ponemon Institute, "Cost of Data Center Outages: Data Center Performance Benchmark Series"

ers the best opportunity yet to connect with shoppers in real-time. By merging devices' embedded Bluetooth and near-field communications (NFC) technology with retailer mobile apps, companies can create geo-fencing strategies that determine a person's proximity to a specific store, then deliver brand- and department-specific promotions. Overall, the device enables the retailer to become a virtual personal shopper that delivers incentives and influences purchase decisions in real-time.

Already used at retailers including Apple, GameStop and Lord & Taylor, more companies are jumping aboard. In fact, 41% of retailers plan to increase their spending on some kind of proximity marketing this year, according to the *RIS News*' "The 13th Annual Store Systems Study 2016: Retail Technology Spend Trends" report.

Macy's can attest to the value of proximity programs. Called a pioneer in proximity marketing efforts, Macy's launched a limited beacon pilot in 2013 among select flagship stores. The initiative was so successful that Macy's recently began implementing up to 4,000 beacons across 786 stores.

From a high level, the technology detects mobile users and delivers exclusive in-store sales promotions and discounts via push notifications. On a micro-level however, the chain anticipates that the technology will drive sales; "the customer who gets more engaged across more of the channels that Macy's has to offer gives us more wallet share," the company said in a statement.



## Reflect on How to Adopt Digital Mirrors

Harsh lighting and tight quarters were key reasons for consumers to dodge traditional fitting rooms. However, through the debut of interactive mirrors, retailers are hoping to reverse the tide, create a new way to engage shoppers, and influence pur-



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Source: RIS News, "The 13th Annual Store Systems Study 2016: Retail Technology Spend Trends."

chase decisions. By layering mirrors with virtual touch screen technology, retailers are enabling shoppers to browse online assortments, place and pay for orders, even request different sizes and colors of preferred merchandise.

Neiman Marcus recently adopted an interactive fitting room mirror that enables shoppers to digitally record an all-angle view of their choices, and even compare them side-by-side. Shoppers create a password-protected account via a connected tablet that gives shoppers access to their shopping history.

Next, the full-length mirror prompts fitting room shoppers to take a slow 360-degree spin in their ensemble, so the mirror can record eight-second videos and still pictures of the chosen outfit from all angles. Shoppers repeat the same steps for their multiple chosen ensembles. Then, using the dedicated tablet, an icon outfits shoppers to compare looks on the full-length screen.

By merging the solution with shopper-specific accounts accessible on personal smart devices or in-store tablets, the interactive mirror can boost sales, conversion rates, and brand awareness, as it allows the brand to engage with customers inside the store, or on the go.

### Leverage Wearables as Engagement Tools

The worldwide wearable device market is on pace to ship a total of 111.1 million units in 2016, up 44.4% from the 80 million units expected to ship last year, according to the "Worldwide Quarterly Wearable Device Tracker," a report from the International Data Corp. (IDC).

Embedded with small motion sensors that take photos and sync with users' mobile devices, most consumer wearables often measure health and fitness

111.1

MILLION

Wearable devices expected to ship in 2016.

*Source: International Data Corp., "Worldwide Quarterly Wearable Device Tracker"*

goals in real-time. As newer interactive devices and applications evolve, the next generation of wearables are on track to vastly improve experiences. Smart-watch platforms promise to lead this evolution.

"[Smart watch] platforms manage all tasks and processes, including those that interact with the user, run all of the applications, and connect with the smartphone," Ramon Llamas, research manager for IDC's wearables team, said in the report. "Once that third element is replaced with cellular connectivity, the first two elements will take on greater roles to make sense of all the data and connections."

True Religion is making big moves toward these connections. The specialty retailer started its wearables journey in December, when it integrated its mobile app with its mobile POS and enterprise order management platform — a move that gave sales associates wearing smartwatches a robust customer engagement tool that supports an "endless aisle" experience.

Taking this process one step further, True Religion recently integrated the app with its customer relationship management (CRM) and clienteling platforms — an initiative that enables smartwatch-wearing store associates to offer shoppers personalized attention on the fly.

Customers can also download the mobile app, which keeps them detectable among geo-fencing and in-store beacons. As mobile shoppers enter a store, associates are alerted via their Apple Watch. One tap of the watch opens a wealth of customer information from shoppers' previous interactions on the web or in-store — including visual cues of customer buying patterns, sales history, and suggested selling recommendations based on information gathered within the CRM database.

Overall, the app provides a new interactive user interface that eliminates the information gap between store associates and the retail enterprise, and drives one-on-one customer engagement.

## Conclusion

As the omnichannel retail model merges the physical and digital worlds, brands are evaluating the best digital engagement tools that not only mimic the online experience, but can also drive personalization and engagement within their brick-and-mortar environments.

By focusing on new connectivity initiatives, brands are positioned to adopt innovative solutions, including geo-fencing, interactive mirrors and wearables, to create personal relationships that translate into engagement and revenue increases among their most “connected customers.”

### #TWEETABLE

Digital engagement solutions are paramount when merging physical and electronic retailing channels.



## Requirements

Every major business initiative requires a detailed assessment that examines the project's impact on internal processes, technologies, personnel, strategic alignment and costs. One goal of the assessment is to identify granular and high-level requirements that are essential elements in the project's game plan. Managing and addressing these requirements is critical to success.

Requirements for

### Digital Engagement

#### Strategy

- Define how an all-channel experience is influencing customer shopping patterns, and how the physical and digital channels are merging.
- Understand customer preferences, from channel, engagement and fulfillment perspectives, to define the most relevant touch points across the shopping journey.
- Pinpoint the digital services available through e-commerce sites that make sense at store-level to help shoppers complete their shopping journey.
- Evaluate how these tools can empower the store-level workforce to engage with shoppers and deliver superior customer service.

#### Technology

- Bolster network connectivity to support existing digital engagement tools, and future-proof the enterprise for upcoming innovations.
- Install parallel networks that isolate insecure transmissions and mitigate risk, especially among public access points.
- Deploy next-generation marketing solutions, including personalized websites, geo-fencing and mobile apps.
- Leverage digital signage and interactive mirrors to strengthen customer relationships and drive conversions.
- Integrate mobile apps with back-end functionality. Deliver capabilities via wearables, specifically smart watches, to empower store associates to interact with and incent shoppers in real-time.

#### Personnel

- Create an engagement team comprised of marketing, IT, e-commerce and store operations to bring the omnichannel experience to store-level.
- Educate store-level associates on how emerging solutions, such as wearables, digital signage and mobile solutions, improve their ability to engage shoppers at the store-level.
- Arm associates with mobile solutions that keep them aligned with shopper preferences, order status, and the ability to deliver guided or assisted selling strategies in real-time.



## Roadmap KPIs Infographic

### Digital Engagement

- Build a Connectivity Framework
- Implement Parallel Networking, Bring Your Own Network
- Personalize Marketing Efforts
- Deploy Location-Based Proximity Solutions
- Reflect on How to Adopt Digital Mirrors

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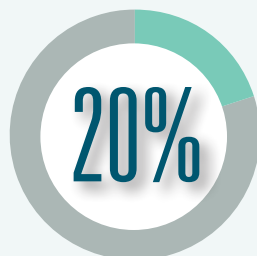
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