

Delight Customers by Exceeding Their Expectations

Understanding how shoppers have changed is the key to success in the modern retail era



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– Paul Butcher
Retail Industry Strategist, Intel

The Knowledge Shopper Has Arrived

The proliferation of PCs, wireless access to the Internet, and advances in smart phone and other small device technologies have given rise to new outlets for shopping. According to Market Force Information, 98 percent of U.S. consumers own a computer,¹ and 68 percent of U.S. households had broadband access in 2010.² Online shopping went mobile with web access and shopping apps on smart phones. Nielsen Research expected more than half of U.S. wireless subscribers would own a smart phone by the end of 2011,³ and according to Google, 46 percent of retail purchases are influenced by the Web.⁴

Today’s shoppers routinely and intuitively use touch screens and gestures to interact with devices, and readily adopt new solutions as soon as they are available. They use location-enabled shopping applications and often know as much or more information about products when they walk into the store than the sales staff does.

The behavior of today’s shopper represents a paradigm shift that has lasting repercussions for the retail industry. The ability to purchase products online, collect product information, and instantly compare prices has created the *knowledge shopper*.

Retailers who meet the expectations of these knowledge shoppers will be the ones with the competitive advantage.

Basic Shopping Expectations

Smart phones enabled with shopping applications provide capabilities that are fast becoming the new baseline for customer satisfaction. At a minimum, customers want a shopping experience that acknowledges and informs their decision making process. Among their expectations, they increasingly want:

- **Accurate and consistent information.** Inventory and pricing in the store should mirror what is represented online.
- **Adaptive sales staff.** Sales personnel don’t have to know everything, but they should be able to assist and find answers online.
- **Useful and informative content.** In-store technology is an acceptable tool for reducing costs, but it has to be more than just a random assortment of gadgets. It must provide unfiltered access to product information and truly enhance service.

While meeting these basic expectations is important to fostering customer loyalty, failure to do so can quickly lead to frustration among knowledge shoppers and likely a loss of business.



66%

of consumers want to make their electronic purchase in-store after conducting online research.⁵

Shoppers Prefer Local

Although it may seem price-hunter applications guide consumers from the store floor and to an online competitor, analysis of mobile online behavior suggests differently. As evidenced by the number of different applications and downloads, customers are embracing location-aware applications that help them find their desired products locally.

A 2011 study by Gartner Research underscores the importance of this behavior and forecasts that “sixty-six percent of consumers want to make their electronics purchase in-store after conducting online research.”⁵

This trend is good news for traditional brick-and-mortar retailers who can benefit from customers’ preference for purchasing locally. Forward-thinking retailers are harnessing technology to increase revenue by fulfilling the customer’s instinct for the seamless investigation and local acquisition of products. These retailers recognize that many purchase decisions are not made at a single point in time, but instead over the course of a series of technology-dependent investigative activities that ultimately lead up to the point of decision and local acquisition.

Retailers can make the most of the shopper’s investigative instinct by enabling—and even encouraging—shoppers to use technology while in their stores. By providing a connected and useful means for customers to utilize technology while they’re shopping, retailers can foster loyalty and encourage more in-store traffic.

Local Shopping Experiences That Impress

Beyond the shopper’s basic expectations are those delightful, surprising experiences that impress customers, foster loyalty, and prompt them to buy locally. This requires a highly personalized and powerful level of service that is possible only through the thoughtful

consideration of customer needs and enabled through the use of technology. Consider these recent examples of actual shopping events that made the customer experience remarkably easy—all examples of the continued value of buying locally.⁶

- **Goggles:** “As we drove to a local swim meet, my daughter announced she had forgotten her goggles. When I called the local swim shop, they knew what pair she had previously purchased, and said they would have it ready and waiting for us when we stopped by.” —Robin
- **Keyboard:** “I stopped at my local office supply store even though my smart phone told me a competitor had it on sale. I explained the situation to the sales clerk and watched as he happily confirmed the competitor’s price and matched it.” —Paul
- **Latté:** “This app on my phone helps me find the closest store. I can use it to pay for my latté too. It even keeps track of my purchases and rewards me for buying, like giving me discounts on soy milk, and even tells me when I hit gold level status.” —Dan

Opportunity Knocks

The growing propensity of knowledgeable shoppers for a shopping experience that combines online investigation with the benefits of purchasing locally is presenting retailers with a real business opportunity. In the same way rewards programs attracted and retained shoppers in the last decade, a technology-enhanced shopping experience can attract and retain shoppers in the twenty-first century. The failure to develop such solutions may even result in a lost revenue opportunity.

A more comprehensive set of solutions is needed to deliver the engaging, informative, and delightful experience shoppers seek today. As shown in Figure 1, retailers must think in terms of a connected and seamless shopping experience that spans the online, on-the-go,

and in-store environments. Such an experience travels from the smart phone to the in-store kiosk with the tap of a button, uses voice commands to locate merchandise, includes real-time inventory locating systems, suggests add-on purchases and great deals, and even helps the customer decide when the time is right to buy.

Starting With the Right Architecture

The technology implications for developing such experiences are significant. Retailers must deploy a robust combination of personal, service, and network technologies to support what is becoming an increasingly connected experience. These might include seamlessly connected and secure digital signage, interactive kiosks, digital surveillance, anonymous viewer analytics, inventory tracking, online ordering, and location-based services. These technologies fuel a dynamic and growing interplay between the devices used on the store floor, the services the store offers, and the applications available to shoppers on their phones and online—all with implications for the retailer's network infrastructure.

Few retailers will implement all of this technology at once. Most will add components to the system incrementally, and some may even be able to leverage existing equipment. Compute power is a necessity in order to provide solutions with seamless connectivity, security, and manageability. Retailers can help prepare for these technical innovations by ensuring that their infrastructure acquisitions today are best positioned to handle the demands of tomorrow. To do this, mobile point of sale (POS) systems, cash registers, digital signage systems, and networked kiosks should contain sufficient compute capability to enable remote manageability and house the protocols and firewalls needed for secure transactions between customers and the servers.

Technology Implications

Consider the digital sign and the emerging technology known as *near field communications*, where a digital sign displays messages adapted to an individual's demographics. For the retailer, the digital sign is a bridge between the shopper's smart phone and the corporate data center. The

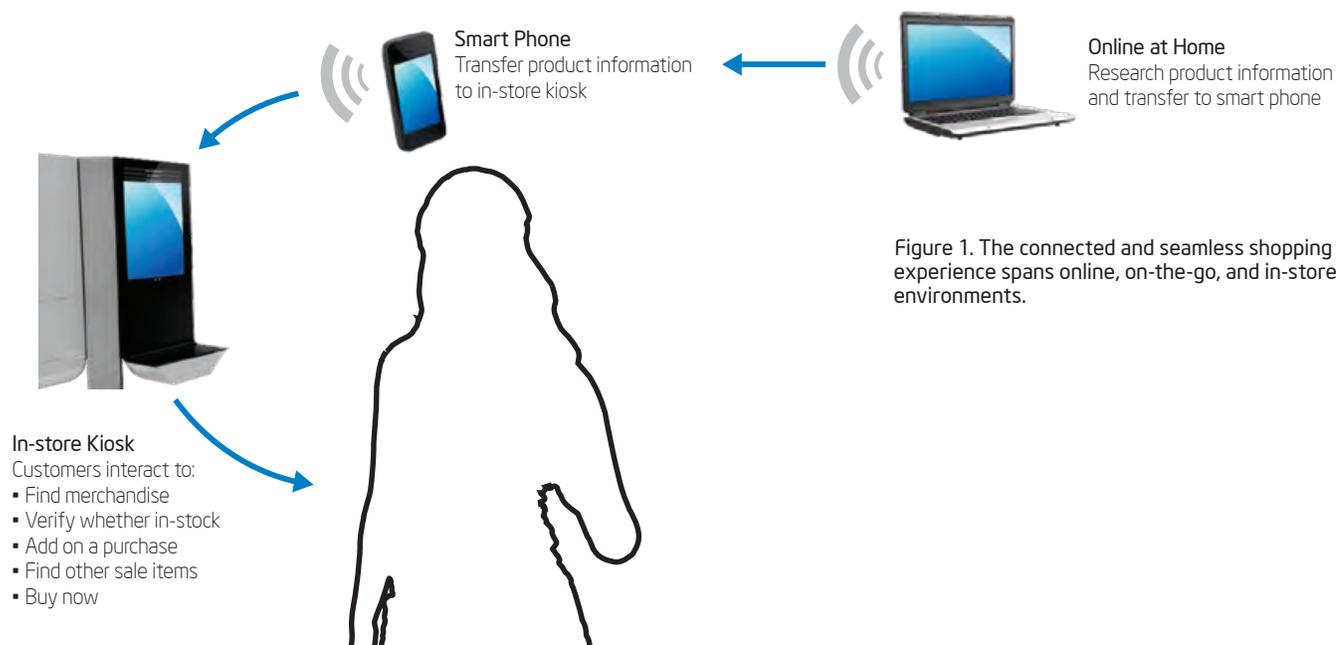


Figure 1. The connected and seamless shopping experience spans online, on-the-go, and in-store environments.

sign presents messages aimed at a particular shopper while enabling secure online transaction processing initiated from the shopper's phone, delivering a common experience while protecting corporate assets as well as the shopper's personal data.

Consider too these real-world examples of how retailers are starting to bring connected experiences to the store floor:

The Endless Aisle

Imagine a store with every shoe stocked and displayed in every size and color manufactured. The virtual footwear wall by Adidas and Intel lets shoppers virtually compare every style and color of shoe, see related advertising, read social media reviews, and pay for their selection right there. If the desired shoe is not currently in stock at the store, the display helps customers arrange for delivery.

The Shopping Assistant

An intelligent Kraft kiosk detects the gender and age of customers standing nearby. After getting the shopper's attention with a targeted message or alert, the kiosk begins by reading the shopper's recipes and shopping lists transmitted from a phone, and then provides appropriate coupons, suggests additional items, and dispenses product samples. The shopper enjoys a helpful and engaging experience, while remote management capability keeps the total cost of ownership down, making it a win for the retailer.

Open for Business

Retailers who engage and delight today's knowledge shoppers can distinguish themselves from competitors and reinforce customer loyalty. To do this, retailers must:

- Develop in-store solutions that exceed expectations
- Provide mobile solutions that enhance the brand-customer relationship both in and out of the store
- Continue to act locally by being a member of the community or neighborhood.

All of this must be accomplished securely to protect not only the retailer's POS system and data center, but also the shoppers' financial and personal data. These capabilities and security features must be provided in a seamless way that highlights the positive shopping experience instead of introducing worries and risk.

These capabilities may seem like an advanced way to delight customers, but expectations are continually rising. The extra effort retailers take to enhance customers' shopping experience today is likely to become essential in the future, making a big difference in whether knowledge shoppers visit their store, or someone else's.



For more information about using technology to delight today's knowledge shoppers, contact Intel Retail Industry Strategist Paul Butcher at paul.butcher@intel.com

¹ Market Force Information, Inc., "Market Force Survey Reveals Nearly Everyone Owns a Computer, Printer and Digital Camera," www.marketforce.com/2011/03/market-force-survey-reveals-nearly-everyone-owns.

² National Telecommunications and Information Administration/U.S. Department of Commerce, "Exploring the Digital Nation," www.ntia.doc.gov/report/2011/exploring-digital-nation-computer-and-internet-use-home.

³ Roger Entner, Nielsen Research, "Smartphones to Overtake Feature Phones in U.S. by 2011," www.nielsen.com/us/en/newswire/2010/smartphones-to-overtake-feature-phones-in-u-s-by-2011.html.

⁴ Google Official Blog, Improvements to Product Search for this holiday season, <http://googleblog.blogspot.com/2010/11/improvements-to-product-search-for-this.html>.

⁵ Robert Hetu, Gartner Research, "Optimization Strategies for Multichannel Consumer Electronics Retailers," <http://my.gartner.com/portal/server.pt?open=512&objID=249&mode=2&PageID=864059&resId=1862117&ref=Browse>.

⁶ Internal Intel discussion.

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