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Connect the Dots

Mobile applications link all stages of retail operations

Successful retail operations typically revolve around one critical aspect of the business — inventory. Will you have the items a customer wants — in the desired size, color or configuration — when she wants to buy them? Potential sales can be lost due to anomalies within inventory management systems.

But there's good news for retailers: Burgeoning mobile retail technologies and applications are creating opportunities for merchants to enhance store operations and inventory management. Even better, they can meld a retailer's sales channels into one system.

A true mobile strategy connects all customer touchpoints with key internal systems so as to make them "consistent through all of those different verticals in your organization," says Rich LaPerch, CEO of Aegis Mobile, a provider of mobile and compliance solutions.

Frank Riso, senior director of global retail solutions for Motorola Solutions, says the retail environment is, intuitively, a mobile one, as store managers, sales clerks and stock room personnel are constantly on the move. Therefore, he says, "Everybody who works in a retail store should be connected. They are on their feet for the most part and mobile. They need access to various levels of information and communication ... among one another and customers."

Motorola Solutions, which provides handheld POS devices to the retail marketplace, released its first enterprise-ready tablet in October, targeting retailers that need a larger screen in the store environment. Such devices will be a boon in retail since store personnel are already familiar with mobile technology through personal use, Riso says.

"Mobile applications can link inventory to the store in a relatively short period of time," he says, "so that every day we can be assured that when we open the store we have, on the sales floor, every garment in every size, in every color and in every style."

Enhance business, not distract

In order to successfully link systems integral to store operations — POS, inventory, CRM, human resources and sales force automation — enterprise-level mobile deployments should be carefully

considered, says Jay Yanko, managing principal for vertical solutions with the Verizon Business division of Verizon Communications. Retailers want to avoid approaching mobile as the “shiny new toy” that could result in distracting the business instead of enhancing it, he says.

Innovations ranging from “live catalogs” and rich product displays to social media engagement requires that data must be open, available and up-to-date in a mobile retail environment, Yanko says. Conversely, retailers need to avoid allowing customer visibility into their enterprises when deployments are haphazard. “Bad data faster is still bad data,” he says.

Still evolving

LaPerch describes mobile retail applications as being at a “first generation” level. In the rush to gain a mobile presence, many retailers are implementing short-term solutions, such as simply moving their e-commerce platforms to a mobile platform. That approach will evolve over time as mobile deployments become more strategic, he says.

“You really have to rethink how people are going to behave on the mobile device vs. on the PC” and adjust store systems accordingly, LaPerch says. “Those are the sorts of things people haven’t thought about yet. Obviously we are at the embryonic stage of deploying a mobile presence.”

What is unmistakable about mobile retail, experts say, is that the basic business model is proven. “People are willing to buy online,” LaPerch says. “The good news is you can do more with the mobile presence than the PC presence.”

Meeting Operational Demands

When Edible Arrangements franchisee Chris Bukovac opened a second store in the Columbus, Ohio area two years ago, she was confronted by the age-old problem of needing to be in two places at once.

Luckily, Edible Arrangements had launched a mobile site allowing owners to attend to critical operating details from their smartphones, including managing sales, tracking pending orders and product availability, monitoring delivery routes and adjusting resources.

Because efficient, on-time delivery is at the heart of the business, Bukovac equipped her drivers with smartphones tied into the mobile site. She calls the site “priceless” because of the visibility she now has into her business, and is opening a third location in Columbus.

“It enables me to get a snapshot, no matter where I am in the city or the country, of the status in my stores,” Bukovac says.

Tariq Farid, CEO and co-founder of Edible Arrangements International, says mobile retail technologies are giving franchisees many of the same operational tools that large organizations enjoy because of favorable pricing and economies of scale.

“The way we adopted it was to look at where the biggest cost benefit would be,” he says. “The owners can be connected to their locations in real-time to see what the status of business and orders are through a dashboard, and they are better able to manage their businesses.”

Bukovac says having a mobile presence is giving her the ammunition to elevate her business.

“In this day and age with competition and trying to create market share, my job really is not to be inside the store but to be outside trying to build that business,” she says. “These kinds of systems give me the ability to be on the move and on the go.”

Virtual Wallet Set to Advance Store Ops

With emerging payment protocols for m-commerce predicted to change the face of retail store operations, online giant Google and partners believe consumers are ready to embrace “mobile wallets.”

Earlier this year, Google and partners First Data, Citi, MasterCard and Sprint introduced the Google Wallet contactless “tap and go” payment system, which they believe will transform how customers use credit cards, debit cards and gift cards, as well as how stores develop promotions to support operations, marketing and merchandising.

With contactless payment, merchants ring up the transaction and customers tap their mobile device on a payment reader to process and authorize the sale. George Zirkel, vice president of mobile solutions for First Data, says the advent of Google Wallet will migrate payments from “just a pure tap-and-pay to tap and other functions in addition to pay.

“You can ... accumulate loyalty points, present coupons, redeem offers,” he says. It provides “a lot more connected functionality in addition to a pure payment transaction.”

Market research firm Gartner forecasts that 141.1 million people worldwide will make a purchase this year using some form of a mobile payment, up 38.2 percent from 2010. Consulting firm Edgar, Dunn and Co. estimate that contactless payments will account for approximately half of the \$680 billion global mobile payments market by 2016.

Through the Google Wallet app, users set up a Google Wallet PIN that must be entered before making a purchase to prevent unauthorized access and payments. Sprint is providing the first phones for the venture; its Nexus S 4G product uses NFC technology to transmit data between the phone and contactless reader.

Swiping On, to Customers' Amazement

You don't have to be a large chain to leverage mobile technology to improve store operations. You can be a mom-and-pop like S&L Hair Gallery in Jacksonville, N.C.

Heartland Payment Systems launched its Mobuyle smartphone mobile payments reader in August to enable merchants to swipe and accept credit, debit and gift card payments through their wireless devices. Heartland designed the solution for bricks-and-mortar storefronts seeking flexibility in receiving payments and reconciling receipts. S&L owner Lynette Sturdevant leapt at the opportunity to bring the payment processing capability to her business.

“You don't have to stay at the salon: You can do it later on at night,” says Sturdevant, who now can summarize the day's transactions without being in the store.

The salon uses a dial-up Internet connection tied to its POS terminal. Recently, when the shop temporarily lost dial-up connectivity, Sturdevant still was able to process payments with the Mobuyle solution — much to the amazement of customers. “They say, ‘Wow, these phones can do all kinds of things.’”

Among the features the Heartland platform offers are electronic signature capture, GPS location capture, merchandise picture storage and voice authorization capabilities. With the store-and-forward functionality, merchants can accept payments even if they are out of range for cellular coverage or Wi-Fi access.

To access the solution, merchants can download a free Mobuyle application through the Android Market and then purchase from Heartland the encryption reader that plugs into a smartphone’s audio jack. Merchants pay rates similar to those for traditional card processing.

“Ultimately, it revolves around us finding new and innovative ways to serve our customers,” Sturdevant says. “It has enabled us to do that.”