

DIGITAL IN STORE: HOW ARE DISTRIBUTION NETWORKS RE-INVENTING THE CUSTOMER EXPERIENCE ?

EXPERT OPINION

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For a long time synonymous with interactive terminals, digital tools at the point of sale are becoming more diversified and are being installed on a massive scale in distribution networks, thus playing their part in transforming the client experience. Whilst there are more and more such projects in all sectors of activity – in this respect 2012 will be the year when Digital in Store really took off – questions remain to be answered: what is the ROI for these projects? What uses are they intended to address? How do they fit into the customers' pathways at the point of sale? **Keyrus MANAGEMENT** has analysed 250 Digital in Store initiatives throughout the world which are either already deployed or are in the course of deployment, so as to bring some answers and some solutions to these questions.

TOWARDS 2.0 POINTS OF SALE

Pioneers of the digital presence at the point of sale, terminals are now a reality in numerous sectors. 12% of networks are apparently now equipped with such devices in order to accompany the customer in each stage of their purchase: welcome and orientation, presentation of the catalogue of products and services offered, selection of products or services, ordering and payment, collection, after-sales. Whilst such tools have allowed the customer to have the reflex increasingly of managing on its own in the point of sale, they have also quickly shown their limitations: uses which are often limited if they are not accompanied by the sales forces, high deployment costs, and a user experience which is often deceptive, hardly "user-friendly".

For the last three years the generalisation of smartphones and the development of tactile tablets have opened up new horizons for distribution networks¹. 2D codes to obtain information, dematerialised loyalty cards at the checkout, electronic payment systems via a prepaid

account: mobile devices are invading the point of sale, with 40% of mobile users surfing in store². With all of the risks and opportunities associated with that: the development of "showrooming" versus the strengthening of the relationship between the brand and the consumer.

Tablets have also heavily invaded the professional sphere: 35% of tablets sold in the world will be intended for professional use between now and 2015³. Numerous distribution networks are experimenting with deploying tablets within their sales force, or are envisaging doing so, for reasons relating to effectiveness, the customer experience or their image.

The development of new technologies also facilitates the re-invention of objects, which become "intelligent": a mirror, a table, a shopping trolley, a hanger, a shop window, point-of-sale advertisements. All of these acquire new interactivity and connectivity functions which allow one to rethink the concept of the point of sale by combining the best of the digital world with the best of the world of physical objects.

¹ Forrester Research, 2011, "Five Retail E-Commerce Trends to Watch in 2011"

² Médiamétrie - Téléphonie et Services Mobiles / Mobile Consumer Insight - 1st quarter 2012

³ Gartner Group, 2012

Overall, all sectors are equipping themselves with one or more of these new digital tools. For the sale of products (food items, DIY, fabrics/fashion, luxury goods, beauty products/treatments...), but also for the sale of services (transport, automobile, travel/tourism, telecoms, banking, insurance...): out of the 250 initiatives studied, almost two thirds of them are at the pilot stage or in the course of deployment.

This new reality goes further than the different forms of coupling between the web and the shop ("Click and Collect", "Web to Store", etc.): the digitalisation of points of sale brings with it broader services, such as mobile uses or the growing coupling between digital devices and social networks.

CLIENTS AND RETAILERS: ADVANTAGES FOR EVERYBODY

Firstly, digital tools enhance awareness of product and service offerings at the point of sale. The client may thus scroll through the catalogue, discover, and pull up details of, the products, configure them if needed... thereby reproducing, in the shop, the uses of e-commerce, without the storage and display constraints. BUT has equipped its stores with terminals allowing customers to scroll through the catalogue and compare and choose their products, with the possibility of printing out a ticket to collect the goods. Faced with over-informed consumers, the sales staff also become more effective: using tablets or even advanced terminals, they can rely upon enriched, up-to-date product information, and can concentrate on listening to, and advising, the customer. Better still, in certain networks like Sephora, they access the client profile and purchase history, thereby adapting their sales pitch according to the customer. Integrated into the customer's pathway, these tools allow one to better guide the consumer through to the act of purchasing and to thereby improve the conversion rate.

Beyond these functions of providing information and encouraging the act of purchasing, Digital in Store can play other roles and thus contribute to improving the customer experience:

- **Create a "wow" effect** from the first view of the shop window or within the store, so as to invite the consumer to discover more of it. Thanks to the Lego Digital Box, consumers place the box of their toy in front of the terminal and discover on the screen an augmented-reality image of what the toy will look like once assembled. « *This Technology fosters the consumer's imagination* » attests Olav Gjerlufsen, Director at Lego.
- **"Gameify" the point of sale** so as to provide a backdrop for the brand, its star products, its ambassadors or its latest innovations: the browsing client lingers in the point

of sale for longer, like with the "Joy Pad" in the PUMA stores, a new game concept on a giant screen centred around Usain Bolt.

- **Develop a modern image** which helps to add value to the brand and differentiate it from its competitors. In this way, MACY's has deployed totems in its stores which customers can flash with their smartphones, enabling them to watch exclusive videos of celebrities talking about the trends of the moment or giving fashion advice.
- **Reduce the waiting time**, or cause it to be less perceived as being long. The "gameification" of the point of sale allows the consumer to be entertained while waiting for a salesperson. The fast order terminals and the express "check-out" are also becoming more and more common, so as to speed up the order and the payment. The taking of the order and the purchase are being decentralised, with each salesperson being able to take payment from the customers, anywhere in the store.
- **Transform the relationship between the salesperson and the customer.** With Digital in Store, notably tablets and the new generation terminals, the salesperson leaves their post to accompany the consumer along the whole of their pathway. We are thus leaving behind us the era of "face-to-face" for that of "side-by-side".

Lastly, digital innovations enable a more effective interconnection between the point of sale and the brand's multichannel sphere, so as to gain the best of both worlds: in this way, JC Penney deployed terminals in the United States allowing customers to access a more comprehensive catalogue (250,000 product lines), with a simplified procedure for choosing (notably by the reading of a bar code), as well as the possibility of collecting the product on the spot, in another store or even having it delivered to the home. For its part, Crédit Foncier is working on the selection and the configuration of different offerings within an agency, such that the client can then access their "basket" again at home on Internet.

DIGITAL IN STORE, AT THE HEART OF THE TRANSFORMATION OF DISTRIBUTION NETWORKS

Although the deployment of digital devices in points of sale is tending to become standard practice, several key points should be addressed before undertaking this move. Firstly, it is essential to take into account the vocation of the point of sale: a car dealership or banking network or a foodstuffs distributor are not faced with the same customer expectations, which directly impacts upon the choice of digital devices to be favoured. Mobiles, tablets, terminals, intelligent objects, screens: whilst the consumer is multichannel, the tools are more or less adapted to the

type of point of sale. Equipping a commodities-orientated network with tablets, or promoting mobile interactions for big-commitment purchases would thus not make much sense. The prerequisite to any Digital in Store project is thus to establish the most relevant approaches depending on usual practices and customer behaviour, failing which one falls into the situation of having a swiftly outdated gadget, or of having a ROI which is very long, or even impossible to achieve.

When taking forward a project for the digitalisation of a network, several dimensions should also be factored in from the early stages:

- **Coherence and sustainability:** the digital devices must be chosen and presented in a manner which is entirely coherent with the positioning of the retailer and the concept of the points of sale. It is frequently the case that projects for the putting into place of digital tools and the overhaul of the concept of the point of sale are pursued in tandem.
- **Customers' pathway:** the digital tools must naturally fit into the customer's pathway, both within the point of sale and more widely in a cross canal logic. Any break can erode the conversion rate.
- **Technology:** the digitalisation of the point of sale relies on a flawless mastery of, and interconnection between, the tools which underpin trade activity: client database, product reference system, stock management, logistical chain. Another technological aspect which is not to be neglected: not all suppliers of digital tools are of equal quality, and the choice between them can be decisive in guaranteeing a satisfactory client experience.
- **Skills:** the tasks assigned to the sales personnel may be comprehensively reviewed depending on the usual practices of the customer. Beyond the training in the use of these new tools – which are more and more intuitive – it is in relation to their sales posture and arguments that sales teams need to improve their skills.

R.C.

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He advises businesses from numerous sectors – telecoms and media, financial services, mass retailing, postal operators – in their major transformation programmes, through projects for the conception of product and service offerings, the introduction of innovation onto the market, the improvement of commercial effectiveness and the performance of distribution networks.

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After several years spent occupying operational functions, he coordinated projects to define and implement multichannel and e-Business strategies in varied contexts (distribution, services, financial services). He has also guided several businesses through the conception of new product and service offerings and innovation initiatives. **Thomas Alix** is also the author of a noted work on *Internet and multimedia professions* (Studyrama Editions).

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From the strategy stage to implementation, we accompany our clients in the 6 key functions of the business (Marketing & Sales, Human Resources, Finance, Purchasing, Risks, IT) and the main sectors of activity (Financial Institutions, Retail, Processing industries, Energy, Services and the Public Sector).

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