

## Leveraging Real-Time Data to Maximize Store Sales & Engagement

The brick-and-mortar store will undoubtedly remain a quintessential part of retailing, but its functions and capabilities will need to change in order for it to remain relevant in an omnichannel world. A key element of this relevance includes retailers' ability to operate stores in real time, bringing the speed and responsiveness of the digital realm into the physical world. Technology, particularly mobile technology, is already an important tool for responding to the "right now" demands of today's shoppers. Retailers will also need to make real-time data – about each store's inventory, individual customers' purchase histories, completed (and abandoned) online shopping carts – easily and quickly available to the right people in the store environment. This data will be essential for creating new sales opportunities from buy online/pickup in-store occasions, revitalizing retailers' loyalty programs as cross-channel engagement enablers, and leveraging the personalization that plays to stores' strengths – the individualized interactions between associates and customers.

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- 3 Real-Time Technology Options
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## What's at Stake for Retailers

It may seem strange to talk about the challenges of “real-time selling” in the context of brick-and-mortar stores. In its most basic form, store selling is by definition real-time: the shopper sees an item she wants, takes it off the shelf, pays for it and takes it home – all in “real time.”

But this scenario, while still applicable to the majority of retail transactions, ignores the new realities of empowered, mobile-enabled consumers, their non-linear shopping journeys and the complexities of omnichannel retailing operations. What if the item the shopper wants isn't on the store's shelf, even though she just received an e-mail promoting it a few hours before? Worse yet, what if the shopper purchased the item online and scheduled a store pickup, and the item isn't ready and waiting for him when he arrives? Or it's the wrong color, size or model?

Other challenges in coordinating digital and physical shopping experiences can be more subtle than out-of-stocks and buy online/pick up in-store difficulties. What if the customer filled a shopping cart online, then decided she wanted to touch and feel the product before completing the transaction? Or she decided to visit the store when faced with a higher-than-expected shipping cost for an online order? (Delivery cost was the top-ranked factor influencing online purchase decisions, according to the 2013 *RIS/Cognizant Shopper Experience Study*.)

In this scenario, a store associate that was empowered with technology to access the contents and status of the customer's abandoned shopping cart would both provide better customer service and be in a position to more effectively cross-sell and upsell during the customer's store visit.

Shoppers who bring their mobile devices with them into the store, as so many now do, present another set of challenges to the retailer, including showrooming. It's become a commonplace

### T A K E A W A Y

#### **Bridge the Cross-Channel Data Gap:**

*In-store access to customers' online shopping carts can help associates provide better customer service and create cross-sell/upsell opportunities*

### T A K E A W A Y

#### **Is the Product I Want in Your Store?:**

*Almost 90% of consumers say real-time product availability data would influence where they shop*

to say that shoppers equipped with smart mobile devices come into the store armed with greater product knowledge than the associates working there. The information asymmetry that worked in retailers' favor for many years has been turned on its head.

Of course, shoppers enter the store knowing which specific product they're interested in, while the associate may be tasked with covering dozens or hundreds of products. However, a shopper who has too many encounters with “ignorant” associates will stick to shopping online and, more damagingly, find a competitor employing better-informed staff.

## The Need for Speed

All of the challenges associated with the store shopping experience are heightened by consumers' enhanced expectations about operational speed. People have become so accustomed to rapidly loading Web pages and instantaneous information on their smartphones that they become impatient when there's even a short delay. When these customers want more information on a product – is it available in blue? Do you have it in my size here at the store? – they want to know the answers *now*. When they are ready to complete a transaction, they don't want to stand in a long line to do so, nor will they patiently wait until a mobile POS device connects to a retailer's overloaded store/transactional network.

Shoppers are hungry for real-time information even before they enter the store. “Almost 90% of consumers say real-time product availability data would influence where they shop,” said Robert Willett, former CEO of Best Buy International and CIO, speaking at the June 2013 *RIS News Retail Executive Summit*. Retailers able to assure customers that the items they seek are in-stock and available in a specific store location would thus gain a significant edge on their competition.

Consumer expectations of immediacy have had a deep impact on the store shopping experience. It's true that some customers

are still content to browse at their leisure, and even view some shopping as an entertainment experience to be savored. Build-A-Bear Workshop’s new store concept, for example, has shoppers moving through a variety of different stations, using the latest technology as they construct their stuffed animals. The retailer uses this extended shopper journey not just to make the store experience memorable but also to gather data about each customer. This information is then used across channels, to enhance and personalize the shopper’s experiences when they visit Build-A-Bear’s digital channels.

However, most retailers don’t have Build-A-Bear Workshop’s carefully tuned match-up of shopper and product offering, or the must-have inventory of Apple that has helped make its retail stores the envy of the industry. For many retailers, providing real-time service in an omnichannel environment means not only performing a series of complex operations with technologies and processes designed for an earlier era of retailing, but performing them more quickly and efficiently than ever before.

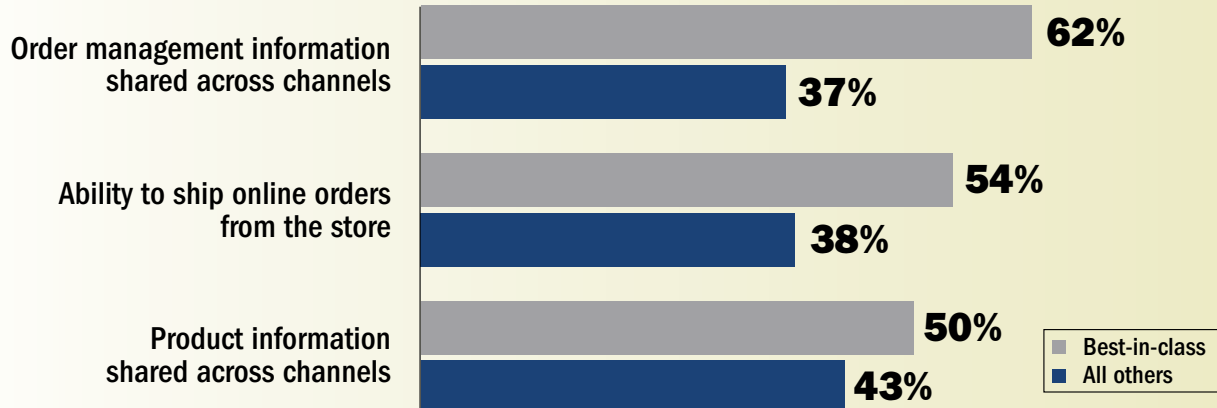
### Real-Time Technology

Fortunately, there are new tools available that can help retailers achieve the same level of real-time selling in their stores as they offer in their digital channels. Some of these tools can be used to combine the store’s traditional strengths – ready access to product and interactions with knowledgeable associates – with the personalization and speed of digital shopping.

Some retailers are trying to literally merge the digital and brick-and-mortar store experience. Staples recently introduced two stores that incorporate Staples.com and the retailer’s mobile assets into the physical shopping experience. The stores feature kiosks from which customers can choose to buy from inventory of more than 100,000 items. Customers can complete transactions at the kiosks or at a more traditional checkout lane, and shoppers can choose to have their products delivered to a home or office location. The stores also serve as in-store pickup locations for digital orders.

Figure 1

### Omni-Product Visibility Capabilities



Source: Aberdeen Group, May 2013

Best-in-class companies lead in capabilities that enable real-time cross-channel capabilities

# Leveraging Customer-Specific Data Plays to Stores' Personalization Strengths

Lori Mitchell-Keller, Senior Vice President and Head of Global Retail IBU, SAP

**Q: As retailers seek to provide an in-store equivalent to the speed and convenience of digital channels, what are some of the biggest challenges that they face?**

**LORI MITCHELL-KELLER:** The store environment will never be exactly like the digital environment, and in actuality retailers don't want their brick-and-mortar stores to be just a physical version of their digital storefront. Stores need to build on their strengths, because they offer a great opportunity to bring the brand's culture to its customers. We encourage our retail clients to exhibit the same consistent brand culture across all their channels – online, their catalog, and in the store – and it's the store that provides the easiest venue to display that culture.

In addition, retailers can never discount the effect of offering a truly personalized experience, which they are capable of offering in a store. Knowing the shopper is important, along with using associates to build relationships with the customers.

**“Even more specifically there's the individual's purchase history. If a retailer could identify me by my use of a loyalty card or my mobile device and therefore know that I had bought a red dress online a month ago, when I went into the store they could offer me the red shawls that would allow me to extend this part of my wardrobe into the fall season.”**

**—LORI MITCHELL-KELLER, SENIOR VICE PRESIDENT AND HEAD OF GLOBAL RETAIL IBU, SAP**

**Q: What are some effective ways for retailers to get started in this area?**

**MITCHELL-KELLER:** What's often frustrating for customers is, if they have done a lot of research online, when they come into

the store they will have the expectation that the associate knows as much as they know about the product they're seeking – even if in reality the associate is covering hundreds of products while the customer is interested in just one.

One thing retailers can do is provide tools and training that allow associates to match the sophistication of the customer, or even go beyond it, such as with warranty information or a how-to video on using the product. New solutions for associates can also go deeper than traditional cross-sell and upsell suggestions, which have traditionally been product-based and were therefore the same for all consumers. More personalized solutions would allow associates to show a shopper all the items that have typically been bought together by other customers who share characteristics with them or have exhibited the same buying behavior or patterns.

Another element from the online world that can extend to the store is weaving stories and ratings that blend product and customer together – this can make a huge difference in the shopper experience.

**Q: Hasn't this level of personalization traditionally been a challenge in stores, where it's more difficult to identify individual shoppers than when they are shopping online?**

**MITCHELL-KELLER:** It's true that retailers that want to do this will need to make some investments. But stores today have a really good opportunity in this area, particularly those that are able to capture point-of-sale information in real time and marry that with other information that they already have, for example from loyalty programs, tracking of credit card purchases or the shopper's mobile device. The point is that understanding the shopper's buying behavior is proving to be more important than his or her demographics. Classic retail planning was to set store assortments based on the demographics of the geographic area around the store, but it would probably be more advantageous for retailers to know what the buying patterns are for the customers in each store. Just because someone lives in a wealthy suburb doesn't mean that they will always be buying the most expensive items in the store.

**Q: How might this deeper level of personalization work?**

**MITCHELL-KELLER:** When I'm shopping in a store, most retailers don't reach into the information they have about me, Lori. If for example they knew that I was married and had three children, one of them a teenager, the product and service suggestions they would offer me would be very different than the ones they would offer a woman of the same age and income level who is single and has no children. Or say you had two people that did a lot of traveling, but one person traveled primarily for business while the other person traveled mostly for leisure.

Even more specifically there's the individual's purchase history. If a retailer could identify me by my use of a loyalty card or my mobile device and therefore know that I had bought a red dress online a month ago, when I went into the store they could offer me the red shawls that would allow me to extend this part of my wardrobe into the fall season.

Deep customer insight, speed of access and availability of customer-specific information at all interaction points not only make for better business decisions, but also for a much richer and more relevant conversation with your customers.

**Q: Are there certain systems or capabilities that need to be in place for a retailer to begin this kind of omnichannel selling?**

**MITCHELL-KELLER:** There has to be a level of baseline technology in place, including the underlying financial and inventory systems required to run an omnichannel business. But to extend beyond those, retailers need to create more of a real-time experience. And let's be aware that 'real-time' is different today than what we thought it was six or seven years ago. In 2006, real-time could mean a six-hour latency level. Now, it's really real time, because we're talking about literally seconds. For example, if a retailer is running a promotion, they have to make sure they have the inventory where they need it in order to fulfill that promotional promise. Retailers need systems that are monitoring the situation in real time, taking feeds from point-of-sale transactions and quickly aggregating them into foundational inventory management systems. Is the promotion going faster than I had thought it would? Do I need to offer an alternative product? Retailers don't want to disappoint the customer, and so they need to deal with the shoppers and their buying behavior in real time.

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**Q: What kinds of solutions can meet these more advanced real-time requirements?**

**MITCHELL-KELLER:** There's a need for in-memory technologies like SAP HANA, which provide very quick processing of information. But we're not talking about a retailer ripping and replacing everything they have, it's about building and extending on existing assets. There have already been a lot of great investments in underlying technologies that can be extended up into in-memory technology and systems, such as the SAP POS Data Management Solution. This is a real-time repository that stores all POS transaction information, which retailers already use to look at patterns for loss prevention/fraud detection, market basket and affinity analysis, and items that are selling best from a promotional perspective.

However, this solution has been based only on what's been sold in brick-and-mortar stores. We have a new solution coming out that will be a Customer Activity Repository, which attaches data that includes each shopper's Web channel and mobile device research. It's increasingly critical to understand what the cross-channel experience is on a customer by customer basis. When retailers are able to combine the POS data management capabilities with this customer activity data, and then combine that with real-time inventory and availability information, they would know more precisely what promotion to offer each customer, or group of customers, at any given time. Similarly, with SAP Precision Marketing and SAP On-Shelf Availability mobile apps the power of real time comes to life for your customers and store associates.

**T A K E A W A Y**

**Use Personalization to Maximize In-Store Pickup:**

*Making specific appointments for in-store pickup and providing customer-specific data to the associates working those shifts creates significant additional sales opportunities*

It's not always necessary to create an explicitly omnichannel brick-and-mortar environment. A scenario described by Chico's FAS director of store technology Ken Silay at the RIS Retail Executive Summit reveals how cross-channel capabilities can be used to maximize store sales, as well as the enabling technologies that are needed to make this scenario a reality.

Building off of buy online/pick up in-store offerings, a retailer can use appointment scheduling to push information to the store associates that have developed previous relationships

with customers making the appointments. This data can include items that are already in the customer's closet, e.g. items they have purchased previously. This purchase history data is basic to the associate's ability to offer relevant cross-selling and upselling suggestions to the shopper when she actually comes into the store.

This customer-specific information and the product recommendations can be provided to the associate via a tablet mobile device, making it accessible during both the sales and transactional phases of the in-store interaction.

Chico's will use RFID tagging of its products in stores to maintain a more accurate, real-time view of its item-level inventory. Up-to-the-minute knowledge of where items are – on a shelf, in the store's back room or elsewhere – is a crucial element in making this enhanced version of buy online/pick up in-store viable.

The base technology is network resiliency, referring both to each store's network and the connections to enterprise systems and databases. Enterprise-wide inventory visibility and accuracy is also critical. If, during the customer's visit to the store, she wants an additional item that isn't in-stock, it can be quickly found and arrangements made to ship it to this store, another store or the shopper's home.

Figure 2

**TOP RATED PERSONALIZATION TECHNIQUES FOR SPECIALTY PRODUCT SHOPPERS**

*(on a scale of 1 to 5)*



**3.9**

Special treatment in the store based on loyalty

**3.5**

Acknowledgment as highly valued customer in store

**3.5**

Offers delivered in store that are personalized

Source: RIS/Cognizant 2013 Shopper Experience Study

A variety of personalization techniques can be used to enhance a customer's in-store experience.

**T A K E A W A Y**

**Leveraging Loyalty Programs:**

*Combine individual customer data from loyalty programs with mobile technology to personalize in-store interactions between associates and shoppers*

These functionalities are made possible with a consistently applied centralized order management solution. “Retailers need to overcome the ‘stigma’ of inventory that’s shared [between channels] and become truly channel-agnostic with their order management operations,” noted Silay.

Just below the top level of this cross-channel performance pyramid is information availability – all the operational and customer information data that’s needed, in real time, to put such a solution into operation.

Retailers that Aberdeen Group identifies as “best-in-class” out-rank all others in several of these functionalities, according to the May 2013 Omni-Channel Retailing 2013 report. These companies lead in sharing both order management and product information across channels, the incorporation of consumer insights into supply chain plans and the ability to ship online orders from the store. (See Figure 1, page 3.)

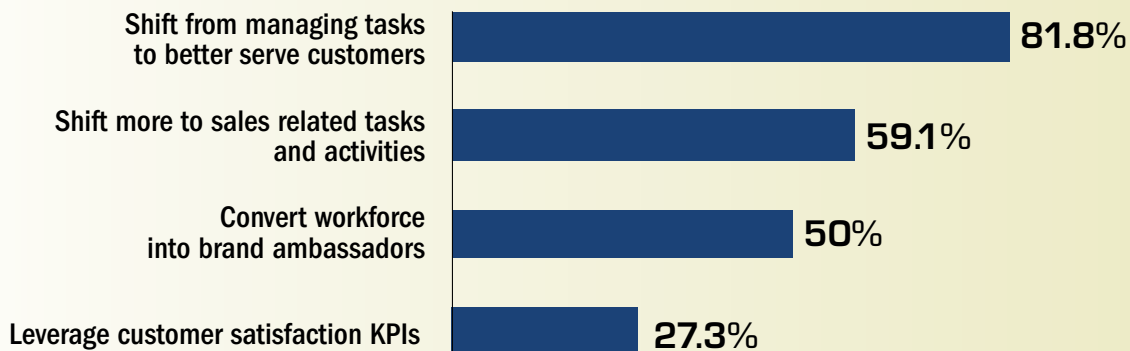
**Leveraging In-Store Personalization**

Retailers need to use all the tools at their disposal to make the in-store experience more personalized. A key resource can be a retailer’s own loyalty program. While it’s traditionally been difficult to identify shoppers before they reach the store point-of-sale, i.e. while purchasing decisions are being made, new technologies are making this more possible.

Those ubiquitous mobile phones, for example, can (via opt-in programs) identify when a particular customer has entered a brick-and-mortar store. One scenario has a store associate, alerted that a valued customer has entered the store, greeting him or her by name. Another scenario uses an automated solution to

Figure 3

**Top Customer Experience Priorities for Next WFM Solution**



Source: RIS News, April 2013

Retailers are shifting their WFM solutions toward better serving customers, and mobile applications will be a primary tool they will use to make that service more real-time oriented.

send a text or electronic coupon to the customer's mobile phone when she nears or enters the store's geofencing perimeter.

Other apps can go further in personalizing the in-store experience. The Neiman Marcus NM Service mobile app used both a customer-facing and an associate-facing interface: not only were store associates alerted when their highly valued customers entered the store, but the shoppers received notifications about which salespeople were working in the store at the times they shopped there. The app also included real-time data-gathering capabilities: customers could use it to scan their favorite items as they walked through the Neiman Marcus store, with this wish/shopping list made available to the sales associate as it was being created.

Retailers can further maximize the value of these technologies by not only alerting store associates about a valued customer's presence but providing analysis of that customer based on loyalty program data. Like the cross-selling/upselling that is maximized in the buy online/pick up in-store scenario, these insights offer tremendous value to an associate trained in how to make use of them. When the information is delivered in real-time, it can also include promotional offers that are shaped by factors including:

- The customer's lifetime value to the retailer
- The availability in the store's inventory of items the shopper would be likely to purchase
- How well this inventory has been selling, i.e. is the time for markdowns to begin approaching with a large amount of these items still unsold?

It's possible for retailers to use these and other business rules to craft offers that are delivered in real-time, especially given the expansion (and lower costs) of data storage capabilities and the speed of new analytics solutions, such as those using in-memory technologies.

There are strong signs that shoppers like the use of personalization techniques. The 2013 Shopper Experience Study indicates the top-rated techniques in specialty stores are special treatment in the store based on loyalty; acknowledgement as a highly valued customer; and delivery of personalized offers (see Figure 2, page 6.)

Loyalty programs are important facilitators of a strong cross-channel experience, according to EKN. Describing "a new vision for loyalty programs," the fall 2012 Customer Loyalty in Retail report describes the loyalty program as "a customer-facing ver-

## T A K E A W A Y

**Make WFM More Customer-Centric:**  
*Align workforce management with goals around customer service and maximizing the value of in-store interactions*

sion of the retailer's cross-channel engagement strategy." The report adds: "In an environment where they [retailers] can't differentiate on traditional parameters, to build customer loyalty retailers need to deliver a truly integrated cross-channel experience. As the customer-facing avatar of retailers' customer engagement strategies, loyalty programs should be the language of this cross-channel experience."

## Customer-Centric WFM

A major enabling element of real-time selling in an omnichannel environment is the store associate, and the training, technology and management behind him or her. "You can't be customer-centric if you're not employee-centric," noted Robert Willett during his RES presentation.

Recent *RIS* research indicates retailers are seeking workforce management (WFM) solutions that are designed along more customer-centric lines. A huge majority (81.8%) of surveyed retailers who were asked about customer experience priorities for their next WFM solution or upgrade selected "shift from managing tasks to better serving customers." (See Figure 3, page 7.)

When asked which customer-centric problems retailers would try to solve with these upgrades, the top choice was "help shoppers make purchase decisions," selected by 60.9% of respondents. The most popular strategic step the respondents' organizations had taken to achieve better labor optimization, selected by 65.2%, was to "align scheduling to customer-centric drivers."

In another strong sign of the push toward real-time selling, mobile applications are the top choice among the WFM modules retailers plan to include in their next upgrade, selected by 83.3% of respondents.

"The future of stores lies in providing more help and service to customers as opposed to the traditional self-service model,



## T A K E A W A Y

**Integrate Stores into a Seamless Customer Experience:**

*Consumers will expect stores not to disrupt their non-linear paths to purchase, providing real-time order and transaction data from other channels.*

which forces customers to stalk associates like big game hunters seeking prey in the jungle,” said Joe Skorupa, group editor-in-chief, *RIS News*.

## Conclusion

Brick-and-mortar stores will continue to be a quintessential part of omnichannel retailing, but their functions and capabilities will need to change in order to remain relevant. Shoppers accustomed

to the immediacy of the digital world will become impatient if they don't receive the same rapid responses in the physical world.

Technology, particularly mobile technology, will be important to retailers' ability to respond to the "right now" demands of today's shoppers. In addition, real-time data that moves easily across channels will be critical to retailers' ability to keep their stores relevant and profitable. Retailers will need item-level inventory visibility that they can make available to shoppers before they even set foot in the store. They will also need individual customer data to maximize the value of increasingly popular buy online/pick up in-store interactions, as well as to personalize a higher percentage of in-store visits – particularly those made by the retailer's most valuable customers.

Finally, retailers will need to deploy solutions and devices that can get this data into the hands of store associates in real-time, and they will also need to align their WFM solutions in more customer-centric ways. Retailers that can leverage these tools will succeed in keeping their stores relevant both to their customers and to their own bottom lines. •



Every customer has a range of experiences from exhilaration to disappointment to aggravating. Retailers that create positive experiences will earn consistent loyalty from their customers. Engaging retailers know how to deliver an exceptional, unified customer experience. These retailers also deliver superior value, as well as promotions and awards that are aligned with their customers' needs, buying habits and social trends. More importantly, they achieve outstanding customer service by offering the product the customer wants to buy through any channel – every time. SAP has the solutions, services and technologies to help you exceed your customer expectations during every interaction by delivering real time insight into understanding customers' needs and inspiring them to engage with you across all channels. For more information visit [www.sap.com](http://www.sap.com).