

## Executive Brief



# Optimize the Customer Experience When Upgrading Your POS

Today's retail customers are more empowered than ever before. Their choices have proliferated and the notion of "if we build it, they will come" is no longer compelling. New brands hit the market almost daily. Brand messages from retailers—through traditional channels and social media—bombard consumers even more quickly than in the past. Today's consumers demand more from their favorite retailers, and their demands begin long before they get into the store. Few retailers have mastered the delivery of an integrated customer experience, and failure to do so can result in a loss of customer traffic and transactions. Now more than ever, retailers need to evaluate the state of their customer-facing technology (CFT) and make the investments required to enable a 21st-century customer experience.

Unlike many aspects of our daily lives, the in-store shopping experience has not kept up with the rapid pace of technological change: Shoppers still contend with long waits and remain dependent on store associates for product knowledge and inventory availability. As technology continues to change other facets of modern life, today's consumer longs for new technology to facilitate a better in-store experience. Traditional POS solutions are only one part of the infrastructure, hardware and software solutions necessary to meet the in-store and cross-channel needs of today's consumer.

Retailers must begin to leverage the array of existing and emerging CFT solutions to enable associates to better assist customers, empower customers to assist themselves, and drive conversion and transaction value from in-store customers. Studies show that over 40 percent of retailers plan to replace or upgrade their POS systems this year, and this number is anticipated to remain constant in the future. This investment is an opportunity to upgrade infrastructure, hardware and software to not just replicate existing functionality, but to make significant advances in improving the in-store customer shopping experience.

The first step in upgrading from a traditional POS to an enhanced CFT environment is to examine how your customer interacts with the store today and how you want them to interact with the store in the future. This analysis can help determine where advances in technology can support the overall customer experience strategy.

A successful CFT strategic plan will take four key types of technologies into account: **traditional POS, mobile devices, self-service technology and customer-owned devices.**

**Traditional POS.** Traditional POS stations will still be an integral part of any retail environment, but other CFTs can reduce the burden on the POS and ensure customers have a choice between traditional and more modern options for checkout, gift cards, inventory information and other activities. Reducing dependency on the POS and ensuring it is not the POE (point of everything) can help decrease customer wait times and improve service levels. Additionally, replacing some traditional POS stations with alternative solutions can free up valuable square footage for retail display at the front of the store.

**Mobile Devices.** Advances in CFT can also enable sales associates to be better prepared to provide customers with detailed product information with less time spent on training. Equipping associates with handheld devices allows them to access product information and check availability in store, in other stores and on the retailer’s website. Product comparison features similar to those found on the Web can be accessed on the sales floor, allowing associates to have enriching conversations with customers without having to relearn constantly changing product information. Mobile POS also allows associates to guide a customer through the entire decision-making and purchasing process without the customer moving an inch, such as at Apple retail stores.

**Self-Service Technology.** Placing self-service devices throughout the store enables customers to get information and services where and when they need them. Self-service stations can also be educational, offering Web access with information on products and availability. This self-service technology supports an anytime, anyplace shopping environment. Imagine the frustration of a customer shopping her neighborhood store with a highly localized assortment—if she can see a retailer’s entire assortment online, why shouldn’t she be able to access that broad assortment when she is already in the store and ready to make a purchase?

Self-service devices do not have to be stationary—retailers like Stop & Shop let customers roam the aisles with a mobile scanner in hand, reducing checkout time and using the scanner’s screen to display coupons and suggestions based on past purchases and in-store proximity to featured items. At The Container Store’s urban locations, customers don’t have to grapple with large items, but instead can scan a product and it will be shipped to their home for free.

**Customer-Owned Devices.** Innovative retailers are beginning to leverage the abilities of the customer’s own smartphone to improve the shopping experience. One example is Microsoft Tag, a free smartphone application that unlocks online content for users when they scan special barcodes with their phones. Retailers can host a wide variety of content at the barcode site for each product—from demo videos to customer reviews to information about fabric or materials.

Retailers can also link content on customer-owned devices with in-store kiosks to provide customers with additional information and to drive sales. For example, Wet Seal lets users mix and match Wet Seal clothing to create unique outfits on the retailer’s site, on Facebook and through an iPhone application. Customers can also access this database of customer-generated outfits in store by scanning an item.

These four elements work together to provide the customer with options to personalize his or her own customer experience—from learning about a product to purchasing it. After considering your customer experience strategy and how your customer interacts with your store, use those insights to develop a strategic CFT plan with these elements to improve the customer experience. Deploying these applications is highly dependent on an in-store wireless infrastructure that more than 60% of retailers are lacking. But if you are already considering updating your POS system, deploying new CFT technologies will not be a considerably greater expense. An upgrade must be an investment in the future; if the groundwork is laid correctly, your investment can easily grow to support your overall strategy in the coming years.

**Leaders in CFT**

Retailer	CFT Strategy
Walmart	Virtual mirror lets shoppers try on makeup before purchasing
Kohl’s	In-store kiosks allow customers to search website for products and order in store
Macy’s	Updated cash registers check product availability and order directly for customers
Best Buy	Traditional POS linked with customer cell phones to speed up redemption of rewards points
Urban Outfitters	Mobile POS
Kodak	Kiosks in stores like Target and CVS let customers access Facebook, Picasa and other online tools
Target	Customers can store gift card data and make payments at the point of sale on their cell phones
JCPenney, Macy’s	Virtual dressing room lets customers scroll through catalogue and try on outfits by touching a screen

**Kurt Salmon Associates**

Kurt Salmon Associates is the leading global management consulting firm specializing in the retail and consumer products industry. We leverage our unparalleled industry expertise to help business leaders make strategic, operational and technology decisions that achieve tangible and meaningful results.

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