TRANSFORMING THE CUSTOMER EXPERIENCE WITH RFID

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EXECUTIVE SUMMARY

Despite the explosion of online choices, customers still value seeing and touching merchandise firsthand – an experience only available to them in a brick-and-mortar store. When retailers add the cutting-edge benefits of radio frequency identification (RFID) technology to that unique advantage, they help close the all-to-common gaps in service, information and inventory of traditional retail and open more opportunities for sales and customer satisfaction.

RFID empowers retailers like never before, elevating shopping into an enriching and positive experience. With RFID as part of a total solution, retailers can greet customers by name, impress them with a wider selection of merchandise, and better serve them with faster assistance, deeper product information and more personalized promotions. What's more, retailers can turn shopping time into social time with RFID-enabled kiosks that enable customers to interact with their social network of family and friends. And when customers are ready to buy, so are retailers. RFID applications can identify merchandise, recognize loyalty accounts and facilitate mobile transactions. Even fulfilling customers' needs is easier using RFID. Retailers gain real-time visibility into inventory, so they can expedite fulfillment of orders from closer locations. In short, RFID – along with advanced retail technology – can help keep customers happy and coming back in this intensely competitive industry.

WHY SHOPPERS LEAVE EMPTY HANDED

TODAY'S INTERNET-SAVVY SHOPPERS CAN VIRTUALLY BUY ANYTHING, ANYWHERE AT ANYTIME. WITH A WORLD OF CHOICES, THEY NEED A COMPELLING REASON TO BUY FROM A BRICK-AND-MORTAR STORE. YET, TOO OFTEN, THEY ARE DISAPPOINTED WITH THE IN-STORE EXPERIENCE.
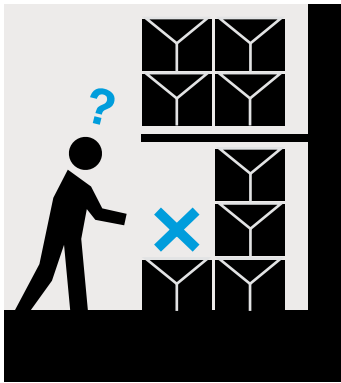
OUT OF STOCK. OUT OF FAVOR.

When customers walk in, they are hoping to find what they want. But if locating the items is not fast and easy, they are just as apt to walk out empty handed. In fact, 49% of shoppers are unwilling to spend more than 10 minutes looking for merchandise, and as many as 30% never locate what they want[1] – in part because a typical retailer's inventory is only 65-70% accurate[2]. And when inventory is available, 25 to 40% of the time it's not on the sales floor, but inaccessible in dressing rooms or the stockroom.[3]

A CALL FOR HELP UNANSWERED

Customer assistance and product information play an essential role in guiding shoppers along a purchasing path. Unfortunately, neither help nor expertise is always readily available. Retail turnover and high labor costs make it difficult for retailers to properly staff stores. And those associates who are hired typically fall short in experience and product knowledge compared to shoppers who research information online beforehand. Little wonder than that 41% of surveyed customers are dissatisfied with the lack of available associates and their product know-how.[4]

THE SLOW LANE TO SATISFACTION

Long checkout lines remain a challenge on both sides of the counter. Shoppers now accustomed to the immediate gratification of online shopping are prone to forgo the purchase in order to avoid the wait. And with every customer walkout, retailers lose an average of $125 in sales and customer confidence[4]. While express lanes and self-checkout counters offer some relief, they don't fully resolve the issue.

AN IMPERSONAL EXPERIENCE

The days of interruption marketing are over. Consumers are turning a deaf ear to the bombardment of cookie-cutter messages and one-size-fits-all promotions. Instead, they crave relevant offers, ones tailored to their needs and tastes. As one shopper aptly stated: "If you offer me rewards, make them ones I'm likely to care about. Don't give me technology and call it a better experience. Use technology to give me an actually better experience."

THE HIGH PRICE OF THE POOR CUSTOMER EXPERIENCE

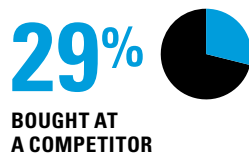DISAPPOINT CUSTOMERS, AND RETAILERS RISK DIMINISHING THE BRAND'S VALUE, ERODING MARGINS AND MINIMIZING MARKET SHARE IN AN ALREADY COMPETITIVE WORLD.

WHAT TURNS SHOPPERS AWAY?

30%
NEVER LOCATE THE
ITEMS THEY WANT

24%
FOUND A BETTER
DEAL ELSEWHERE

13%
STATED CHECKOUT
LINES TOO LONG

13%
NEEDED MORE
PRODUCT INFO

12%
COULDN'T FIND AN
AVAILABLE ASSOCIATE
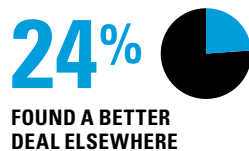
FROM LOST SALES TO ABANDONED SALES

27%
BOUGHT WITH
ORIGINAL RETAILER

29%
BOUGHT AT
A COMPETITOR

44%
DIDN'T BUY AT ALL

IN THE RED WITH OUT OF STOCKS

04%
LOSS IN SALES/YEAR DUE
TO OUT OF STOCK ITEMS

08%
GLOBAL OUT
OF STOCK RATE

$120 BILLION A YEAR:
the cost of out of stocks to the global retail market

Source: 1, 4, and 5

WHY RETAILERS ARE SOLD ON RFID

Radio frequency identification (RFID) technology brings to market tremendous opportunities for retailers. Traditionally used to track inventory along supply chains, retailers placed RFID tags onto pallets. Now retailers are recognizing the value of tagging individual pieces of merchandise. Attaching RFID item-level tags, retailers are increasing inventory accuracy to a robust 99.9% and dropping out of stocks by up to 80%[3].

That's the power of visibility that RFID offers. Retailers have a precise understanding of their entire inventory and a quick means to assess it. As such, they are equipped to make decisions on which products to carry and which to restock and have an effective means to significantly increase inventory visibility, lower labor costs, decrease operational expenses and slash the high price of shrinkage.

HALF OF SURVEYED U.S. RETAILERS HAVE ALREADY ADOPTED ITEM-LEVEL RFID5
Source: http://www.rfidjournal.com/article/view/9168

RFID AND RETAIL:
THE PERFECT FIT

STILL, THERE IS MORE IN STORE BEYOND INVENTORY ACCURACY. WHAT FORWARD-THINKING RETAILERS ARE REALIZING IS THAT RFID CAN RADICALLY IMPROVE THEIR CUSTOMERS' SHOPPING EXPERIENCE.

THE RIGHT PRODUCT AT THE RIGHT TIME

> Mark is shopping for a digital camera. After reading reviews online, he's eager to purchase a particular make and model. When he arrives at a nearby electronics store, he is thrilled to find it so easily, along with a wide array of accessories within his price range. That's because RFID enabled the sales clerk to do a fast inventory check and fully restock the shelves before the store opened.

The greater the availability and selection of merchandise the greater the chance of a satisfied customer. Using RFID, retailers can stock up on goodwill, as well as opportunity. Fast and accurate, RFID gives retailers the visibility to see and quickly replace merchandise missing from the sales floor. So customers are delighted to find so many choices and so few reasons to walk out empty handed.

AT THEIR BECK AND CALL

With RFID, there's never a gap in customer service. As shoppers browse the aisles, RFID-enabled kiosks and fixtures can identify the items and instantly display product information; they can work in sync with mobile devices to request assistance from the appropriate sales associate and extend the aisle with additional online offerings. What's more, they serve as dynamo sales reps, cross selling, up selling, informing and printing product lists. The results? Customers of RFID-enabled stores increased their purchases by up to 21%, along with as much as a 6% uptick in spending per transaction.[3]

HELLO PERSONAL SHOPPING

> When Margaret enters her favorite department store, her RFID-embedded loyalty card alerts a sales associate that's she's in the store and that she's a frequent shopper. Accessing Margaret's shopping history, the associate notices that she prefers petite size business attire. The associate greets Margaret by name and offers to show her the latest arrivals of pant suits in her size. Margaret is impressed by the level of service she receives. She buys a suit and promises to return soon.

This is personal shopping at its best. Now the shopping experience is shaped by the customer's preferences, patterns and needs – information retailers can aggregate utilizing RFID and sophisticated intelligence systems. With RFID solutions, retailers' programs can entice customers to increase their brand loyalty.

THE END OF THE LINE

The wait is over. With RFID-enabled kiosks and fixtures throughout the store, customers can enjoy speedier checkouts and greater convenience. This line-busting technology can simply communicate with shoppers' smartphones to complete transactions on the spot via mobile banking. And as customers shop, RFID can collect customer information that retailers can turn into insight to attract them back again and again.
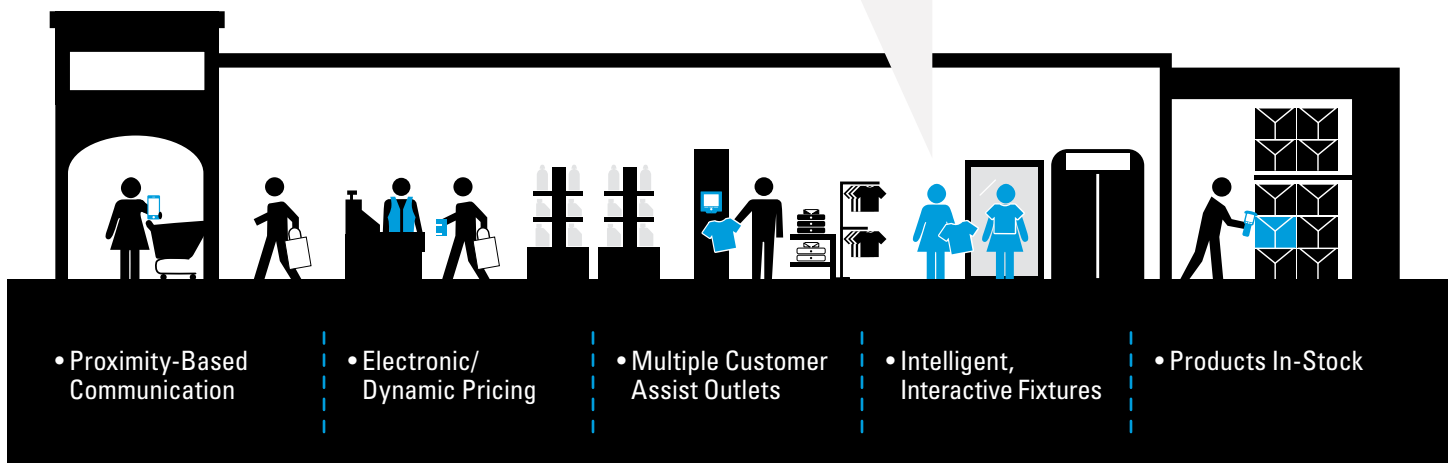
FULFILLING CUSTOMERS' NEEDS

Today's customers demand greater flexibility and convenience. They want the option of purchasing in store or online and either picking up orders in store or having them shipped to them. Enabled by RFID, fulfillment can become a strong differentiator for retailers. By leveraging the inventory visibility that RFID offers, retailers can confidently fulfill orders from local stores – circumventing the potential shipping costs of cross-country distribution and accelerating shipments. Such speeds and savings are just the thing that can deliver greater customer satisfaction.

RENEWING INTEREST FASTER

More choices. More sizes. More colors. That's what customers notice about RFID-enabled stores. Shelves are always full and selections are plentiful. Utilizing RFID, retailers can speed up the process and close the divide between checkouts and replenishing inventory.

OMNICHANNEL RETAIL:
HOW TOMORROW SHOPS TODAY

Anne is trying on outfits in a department store. As she slips on a pair of jeans, the RFID-smart mirror displays its price, available sizes and colors, as well as stylish belts and blouses that match. Intrigued with one of the options, Anne taps on the RFID-enabled mirror to call for assistance and request it in her size. She tries it on and then taps the mirror again to share her selection with her Facebook friends. With their overwhelming "thumbs up", Anne decides to buy the jeans. She presses the "buy now" button on the mirror, which informs her that she's only 10 points away from a loyalty customer discount. So Anne purchases the belt too. She taps her phone on the mirror to pay and go. She leaves thinking that her experience was fast, fun, and friendly.

- Proximity-Based Communication
- Electronic/ Dynamic Pricing
- Multiple Customer Assist Outlets
- Intelligent, Interactive Fixtures
- Products In-Stock

THE BIG PAYOFF OF RFID

14% - 21%
MORE SALES

19%
MORE UNITS SOLD

06%
MORE $ PER TRANSACTION

92%
IMPROVED CONVERSION

18%
LESS TIME TO LOCATE ITEMS

WHY MOTOROLA SOLUTIONS

Every interaction with shoppers is a chance to win them over. Those retailers who embrace RFID technology create a more enjoyable experience that engages customers and turns them into brand advocates.

See how you can delight customers and generate loyalty with Motorola Solutions, retail's leading technology partner. From ensuring inventory is optimized to enabling purchase transactions throughout the store, our end-to-end portfolio of retail solutions helps anticipate shoppers' needs and desires, driving more store visits, galvanizing buying behavior and closing more sales.

To find out how RFID can improve your customer service, visit us at MOTOROLASOLUTIONS.COM/RFID or access our global directory at MOTOROLASOLUTIONS.COM/ENTERPRISEMOBILITY/CONTACTUS.

References: 1. Survey conducted by Kurt Salmon and Associates. 2. "Bringing inventory accuracy and loss prevention into the 21st century." Executive Summit, RFID, March 12, 2012. 3. Motorola and Motorola partner implementations. 4. Motorola Solutions' "Annual Holiday Shopper Survey Results," December 2011. 5. Gruen T W, Ph.D., Corsten D S, Ph.D., Bharadwaj S, Ph.D. "Retail Out-of-Stocks: A Worldwide Examination of Extent, Causes and Consumer Responses". 6. Chris Swedberg,"Survey Shows Half of U.S. Retailers Have Already Adopted Item-Level RFID." RFID Journal, Jan. 27, 2012.

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