The New Point-of-Service (POS)
The Core of the Retail Store

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~ Underwritten, in Part, by ~
The New Point-of-Service (POS): The Core of the Retail Store

Point-of-sale (POS) is undergoing an evolution, not just in functionality but also in configuration. In the era of mobility and connected devices, POS has become a critical component of retailers' customer engagement strategies and that is having an enterprise-wide impact. For instance, retailers are incorporating POS functionality that enables them to directly interact with shoppers via loyalty and promotional programs, creating a seamless bridge between the company’s multiple retail channels. In fact, 42% of retailers reported they were moving beyond simple transaction processing and integrating POS systems with marketing, merchandising, inventory and customer relationship management (CRM) data to offer a personalized, unique, and interactive experience for their consumers, according to Aberdeen’s December 2010 Retailers Target POS Mobility for Engagement, Interactivity and Revenue report.

In order to sustain this momentum, retailers are deploying technology such as wireless connectivity and mobile devices to maintain customer intimacy and deliver a more efficient and unique shopping experience. By establishing the proper back end infrastructure to support this robust functionality, retailers' POS deployments will be primed to reach their full potential, create more interactive store-level experiences, and cultivate long-term customer relationships.

Based on data collected between February 2011 and June, 2012, Aberdeen surveyed 127 retailers to assess the factors that are shaping enterprises' POS decisions and the role of mobile POS will play going forward. This Analyst Insight details the solutions that are reshaping the role and functionality of POS, as well as customer insight that reveals how innovative POS strategies are improving business operations.

Pressures

The proliferation and ease of use of digital consumer technology has conditioned consumers to demand more personal shopping experiences both inside the store as well as on the go. And when they do enter a retail store, customers expect their store-level experience to be as streamlined as digital ones. According to Aberdeen's January 2012 benchmark report, The 2012 Omni-Channel Retail Experience, 49% of retailers reported that if they cannot integrate cross-channel and digital solutions into their business plan they will lose sales. In such a challenging economy, lost sales are to be avoided for business sustenance. Yet, a lack of integration of cross-channel functionality, combined with a new set of business challenges continues to threaten retailers' revenue opportunities.
Specifically, 66% of retailers are feeling pressure to improve the store experience (Figure 1). This pressure comes from a combination of internal sources, such as long transaction times that take a toll on customer service, as well as external ones like competitors creating a better store environment at a much faster pace. Last year, these factors impacted 39% of retailers, but as more competitors battle for consumers' discretionary income, and shoppers' expectations become higher, these issues will likely continue to grow.

It is not surprising that evolving customer sales channel preferences is the second biggest business pressure for retailers (57%). Unlike the 36% of retailers that complained about this pressure last year, consumers are increasingly comfortable accessing alternate shopping channels outside of the store to interact with their favorite brands. New and emerging digital options, including the web, mobile devices and social media, are also raising customers' expectations when they enter the store, an issue that is challenging 40% of retailers. If retailers cannot find a solution to address these issues, customers will begin shopping at competitors that have learned how to deliver more efficient, effective in-store experiences.

![Figure 1: Increasing Customer Pressures](image)

Since price is becoming less of a competitive differentiator, we want to be more consumer-centric, and chose self-service technology to help us do so.

~ says Joel Ganong, SaskTel's marketing manager, retail.

Rather than succumb to the proliferation of digital shopping tools, retailers need to find new ways to leverage these technologies at store-level and drive customers back into the store. By integrating these tools into the functionality of POS, retailers are primed to deliver a more personal, intimate and valuable store-level experience.

**Strategic Actions Needed to Transform POS**

Retailers who bring cross-channel functionality into existing POS platforms are making early strides in transforming the store-level experience by creating more personalization and delivering a more consistent brand.
experience, regardless of the channel of interaction. The top strategy for respondents is to support these multi-channel interactions. To make this a reality, 32% of retailers are integrating their POS systems with robust software that will support multi-channel selling at store-level. This is an increase from 24% last year (Figure 2).

Considering that retailers’ top business pressure is the need to improve the store experience, respondents are exploring new ways to put POS into the hands of impatient shoppers in order to shorten transaction times with 19% of companies are implementing self-service options in the areas of payments and order placement, respectively. These are drastic jumps compared to last year when only 12% of retailers offered self-service order payment an option, and a mere 5% of companies featured self-service order placement options. Meanwhile, 16% of companies are introducing mobility into the mix, a slight increase from 13% last year. By giving shoppers more power to control their own shopping, ordering and payment transactions, retailers can untether the traditional POS and give the shopper the opportunity to transact business anywhere on the sales floor -- a move that will drive value for retailers moving forward.

**Figure 2: Strategic Actions**

<table>
<thead>
<tr>
<th>Action</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Execute multi-channel selling at the store or business unit</td>
<td>32%</td>
</tr>
<tr>
<td>Implement customer self-payment options</td>
<td>19%</td>
</tr>
<tr>
<td>Implement self-service order placement options</td>
<td>19%</td>
</tr>
<tr>
<td>Introduce mobility in the stores for customer convenience</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, July 2012

Overall, these efforts reveal that retailers are eager to streamline the shopping experience and expect the use of more automated self-service options to help them achieve their goal. In fact, 26% of companies were making it a priority to add more efficiency in customer-facing functions within store-automation plans in hopes of interact with consumers virtually during every step of the shopping trip, whether in the store aisle or the checkout lane, according to Aberdeen’s July 2012 benchmark, *The Automated Store: The Key to Customer Engagement.*
POS and Store Automation Plans

With customer engagement top of mind, it is not surprising that retailers are evaluating how to tie in more interactive solutions in their POS upgrade plans. While multi-channel selling at store-level is retailers’ top strategic action, integration efforts regarding this strategy has been slow. Currently 23% retailers automate cross-channel product fulfillment; 22% make product availability accessible at point-of-service, and 14% manage cross-channel order management at store-level (Table 1). This is done via epos solutions (integrating transparent omni-channel functionality within POS) or retrofitting multi-channel capabilities of browse, order placement and payment at the existing POS system.

Realizing that offering a seamless shopping experience that can be concluded at the store POS is mission critical for survival going forward, retailers are stepping up their game in this area. Within 12 months, 36% retailers plan to integrate inventory management and 45% plan to integrate order management. This puts POS in the driver’s seat to manage cross-channel functionality at store-level, and offer another method to drive shoppers back into the store to complete their cross-channel shopping trip.

To manage self-service order placement and payment options, retailers know their networks must be flawless and protected. It is not surprising that 43% of retailers are finding ways to automate the overall checkout experience, and 61% are securing transactions. Looking ahead, these efforts will increase, as 30% more retailers will add new methods to automate the checkout experience and another 22% plan to further secure transactions.

Retailers are also making strides to support their adoption of mobility at store-level. While only 17% of companies have a mobile-ready store, 46% of companies plan to increase these efforts over the next year. By introducing mobility at store-level, retailers will truly have a consumer-driven shopping experience, one that can take on either one or a combination of strategies.

Table 1: Automation Plans

<table>
<thead>
<tr>
<th>Data Summary</th>
<th>Currently Automated</th>
<th>Plan to Automate within 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secure transactions</td>
<td>61%</td>
<td>22%</td>
</tr>
<tr>
<td>Inventory Management</td>
<td>45%</td>
<td>36%</td>
</tr>
<tr>
<td>Check out experience</td>
<td>43%</td>
<td>30%</td>
</tr>
<tr>
<td>Product information</td>
<td>20%</td>
<td>35%</td>
</tr>
<tr>
<td>Cross-channel product fulfillment</td>
<td>23%</td>
<td>36%</td>
</tr>
<tr>
<td>Cross-channel product fulfillment</td>
<td>23%</td>
<td>36%</td>
</tr>
<tr>
<td>Cross-channel product availability</td>
<td>22%</td>
<td>39%</td>
</tr>
<tr>
<td>Mobile Ready Store</td>
<td>17%</td>
<td>46%</td>
</tr>
</tbody>
</table>
## Data Summary

<table>
<thead>
<tr>
<th></th>
<th>Currently Automated</th>
<th>Plan to Automate within 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross-channel order management</td>
<td>14%</td>
<td>45%</td>
</tr>
<tr>
<td>Product knowledge of store associates</td>
<td>9%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, July 2012

Whether allowing shoppers to conduct these transactions at the traditional POS using a PIN pad terminal, accessing a wireless POS terminal in an unconventional store department, through a self-checkout station, or through a smart device (which can also be a company’s proprietary unit), with or without the assistance of an associate, retailers need to evaluate how each option not only benefits their customer, but also fits into their business model. By giving shoppers more options to conduct point-of-service transactions, retailers are proactively transforming the checkout experience and creating a new way to build customer loyalty.

### Case in Point: National Rogers Supply (NRS)

When retailers consider a new POS project, oftentimes excitement is overshadowed by a fear of difficulty that comes with streamlining all data sources, functionality and customer information. This was no different for National Rogers Supply, or NRS. (The company formerly known as David's Western World is a specialty multi-channel retailer that has three stores, a catalog and an ecommerce operation.)

When NRS began its expansion beyond traditional retailer into the multi-channel realm, the retailer noticed its DOS-based POS software functionality was not scaling with the company’s growth. It also was not accessing its customer database seamlessly, making it hard to create a personalized shopping experience at POS. The company also sets up "mobile stores" at rodeos and trade shows (about 12 shows a year), and its legacy POS software was not supporting wireless POS configurations at these locations.

"Our existing POS system couldn’t support the size or complexity of our inventory, or meet the needs of our long-term business goals," explains Jeff Jones, the retailer’s CFO. "We began our search for an integrated solution that could manage POS, sales orders and Web operations."

In December, the retailer began its transition to an open POS software platform, and its first test was during one of its biggest trade shows in Las Vegas. The platform seamlessly supported 15 wireless POS systems, as well as connected the mobile store to its brick-and-mortar locations and Web-based inventory. While the system is still fairly new, Jones believes the new system is driving new sales, due to having one single accessible source of information.

Looking ahead, NRS plans to expand the functionality of the platform within its brick-and-mortar stores, and it is exploring how to integrate mobile...
functionality through smart devices or tablet computers for use at road shows.

**Top Process Capabilities Needed for Engaging POS**

Based on the aforementioned strategic actions and automation plans, retailers consider POS as a mission critical engagement tool -- the last one shoppers interact with before leaving the store. Going forward, the key is to integrate functionality that will allow them to personalize the shopping experience as well as create a hub for the cross-channel experience to culminate at the end of a store visit.

While there are plenty of options from both software and hardware perspectives when retailers are ready to transform their POS systems, retailers must be mindful of what is their best course of action when transforming these point-of-service solutions. For businesses eager to use POS as the core system tying the cross-channel experience to store-level, their top business capabilities revolve around integrating a transparent omni-channel functionality within POS or epos. Currently, 43% of retailers provide the ability to place web and catalog orders at store-level (Table 2). Meanwhile, 39% of companies give shoppers the ability to pay for these orders at store-level, while 38% of companies enable customers to access Web and catalog channels in-store.

As shoppers continue their reliance on digital means, current data shows that retailers are continuing their integration of cross-channel experiences. For example, 26% of retailers are planning to provide the ability for shoppers to place Web and catalog orders, as well as pay for them, respectively. Meanwhile, a sizeable 42% of retailers plan to allow customers to access these channels at store-level. As retailers continue to integrate business functionality, including inventory management, customer relationship management and pricing files, from an enterprise perspective, a seamless omni-channel experience within the store could become common practice in the near future. Another 10% of companies already allow shoppers to conduct self-service payments through point-of-service units, including PIN payment terminals at conventional POS, self-checkout, store-level kiosks, and even portable POS/kiosk devices. The key is to give customers more flexibility in their checkout experience, a means of driving bigger shopping baskets, and allowing them to navigate and control their shopping trip -- two factors that will help stores build loyalty. Companies such as Guess are investing in such mobile devices and tablet kiosks to enhance the customer's omni-channel experience within the store.
Table 2: Top Process Capabilities

<table>
<thead>
<tr>
<th>Capabilities</th>
<th>Currently Implemented</th>
<th>Plan to Implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to place web and catalog orders in the stores</td>
<td>43%</td>
<td>26%</td>
</tr>
<tr>
<td>Ability to accept multi-tender payments for customers at the point-of-service</td>
<td>41%</td>
<td>23%</td>
</tr>
<tr>
<td>Ability to pay for web and catalog orders in the stores</td>
<td>39%</td>
<td>26%</td>
</tr>
<tr>
<td>Access to web and catalog product availability and information within the store</td>
<td>38%</td>
<td>42%</td>
</tr>
<tr>
<td>Ability to return and exchange web and catalog orders in stores</td>
<td>27%</td>
<td>50%</td>
</tr>
<tr>
<td>The addition of standards-based integration of employee-facing store systems infrastructure</td>
<td>22%</td>
<td>52%</td>
</tr>
<tr>
<td>The addition of standards-based integration of customer-facing store systems infrastructure</td>
<td>17%</td>
<td>57%</td>
</tr>
<tr>
<td>Ability to place product orders on mobile phones within the store environment</td>
<td>17%</td>
<td>42%</td>
</tr>
<tr>
<td>Ability to provide self-service payment capabilities for customers at the point-of-service</td>
<td>10%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, July 2012

More Cross-Channel POS Functionality

As retailers make a move to more customer touch points to place and tender cross-channel orders at store-level, retailers also need to prepare systems to streamline returns management. Currently 27% of retailers already integrated returns management systems into their POS functionality, and another 50% of retailers plan to accept cross-channel returns (e.g., online or catalog orders can be returned at the store). The name of the game is ease and transparency. By giving shoppers a streamlined returns and exchanges path, the omni-channel experience remains seamless at store-level. This provides shoppers another reason to visit the brick-and-mortar store and possibly continue their shopping experience following the cross-channel return transaction.

Where retailers expect to raise the bar is their use of mobile and tablet solutions to take POS functionality out of the cash wrap and directly into store departments and aisles. Adoption is currently slow in this area, with 17% of retailers offering the capability for shoppers to place orders with their own mobile devices, or proprietary units available at the store.
However, with the popularity and consumer adoption of mobile and smart
devices, as well as shopper comfortability with digital shopping channels,
shopper demand for this capability continues to rise industry-wide. As a
result, the ability to integrate more mobile options is becoming a priority.

Besides allowing shoppers to use mobile solutions (both their own or units
provided in-store) to manage their in-store shopping trip, they must also
give shoppers the ability to pay for their orders. According to Aberdeen's
September 2011 report, *Mobile and Tablet Shopping Demystified: Adoption and
the ROI Business Case*, 22% of retailers were creating a mobile payments
process in 2011, and 41% expected to accept m-payments within 12
months. Current research shows that retailers are still on track with this plan.

Mobile commerce still only accounts for between 1% and 5% of all online
transactions, according to *Mobile and Tablet Shopping Demystified: Adoption
and the ROI Business Case*. However this statistic is poised to increase as
more retailers consider mobile POS as an innovative way to transform their
POS strategy, as well as the overall shopping experience. Retailers offering
in-store proprietary units can be used from either a consumer or employee-
assistance perspective. This configuration tends to be favorable due to the
ability to control all functionality conducted through the units.

Other retailers are putting power directly in the hands of their shoppers by
offering retail applications that consumers can download directly onto
mobile devices for use both in-store, as well as outside the store's four
walls. From a customer-facing perspective, retailers are automating a
number of tasks. While a mere 5% of retailers currently offer a retail
application, a whopping 60% of companies will add brand-specific mobile app
functionality within two years, according to *The Automated Store: The Key to
Customer Engagement*. With functionality from mobile loyalty, location-based
marketing and mobile-social payments, these apps will be the conduit
retailers will use to transform the power of their POS offering.

Regardless of the consumer’s preferences, the app must be robust enough
to support all aspects of the shopping trip, educate the consumer and
deliver value through all stages of the store visit.

While the capabilities are plentiful, retailers’ back-end infrastructures must
be strong enough to support all new POS functionality and to continue
delivering value during the checkout experience. These back-end priorities
fall under one of two following categories:

- **The addition of standards-based integration of employee-facing store systems infrastructure.** The key to value is aligning
  a knowledgeable store-level team to interact with shoppers when
  they are ready to make a purchase. While only 22% are currently
  pursuing this capability, many more agree that this will support their
  business models going forward. As a result, 52% of retailers plan to
  integrate more standards-based employee-facing store systems,
  including those that help with training, access to inventory, order
placement and streamlined checkout functionality. By giving employees the tools they need to educate the shopper, and help them make a purchase, retailers are in a stronger position to deliver store-level value, as well as build stronger customer relationships.

- **The addition of standards-based integration of customer-facing store systems infrastructure.** Even before shoppers enter the retail store, they are driving their personal shopping experience. Comfortable with this autonomy, they also want to have the flexibility to conduct their own checkout experience. Currently, 17% of retailers’ systems are ready to be utilized by shoppers -- on their terms -- to browse, shop and pay for merchandise. While this is still a very small group, retailers know that as shoppers continue to adopt emerging digital solutions, they must be ready and find a way to augment them into the in-store shopping experience. As a result, 57% of retailers plan to raise the bar on customer-facing store systems integrations in the next 12 months. By integrating all POS systems, kiosks, self-checkout stations and mobile devices (both proprietary and personal consumer devices) onto a common, open and robust back-end platform, retailers are positioning themselves to support and improve store operations workflow across a variety of functions, including checkout, customer service and inventory management.

### Technology Enablers

Retailers are considering all of their options when streamlining the checkout process, and putting those aforementioned standards-based platforms to good use. Retailers and customers alike are learning to integrate new digital means within their shopping experiences and improve store-level functionality, and there are many options available. However, the only options that are being considered are those that will improve their level of customer interaction and drive more value as they complete their store-level visit.

Even as retailers evaluate how to augment existing POS strategies, conventional POS systems remain commonplace at most retail stores. What is changing however, are the platforms they operate on. Currently, 29% of retailers are upgrading to enterprise-server based POS platforms to support integrated functionality for transactions, inventory look-up, customer relationship management (CRM) and multi-channel selling directly at POS. Retailers believe these factors are so important in driving shopper engagement as well as increasing basket sizes before shoppers leave the store that another 33% of retailers will make similar upgrades within the next two years. The next step is to keep the in-store technology as flexible and nimble as possible to avoid informational bottlenecks and delays during the checkout experience. That said, 33% of retailers currently use thin-client POS platforms to streamline the checkout process. This functionality has become so important in retailers’ business plans that 29% of companies plan to add thin-client platforms within 24 months (Table 3).
Thin-client platforms are also paving the way for retailers' next opportunity: the adoption of mobile POS strategies. Pundits keep encouraging retailers to dip their toe in the proverbial mobile waters, and mobile POS is proving to be a strong way to support wireless POS configurations, jump into mobile, and most importantly, differentiate themselves in the marketplace.

While wireless POS was an innovation that untethered the POS from the cash wrap and allowed retailers to move the checkout experience into store departments as well as outside the store's physical four-walls (as seen in our NRS case study above), it is mobile that retailers are using to transform the value that POS configurations can deliver. More importantly, many credit mobile as one of the biggest drivers spurring the self-service movement at store-level. The tides started turning in favor of mobile in 2010, when 40% of retailers identified shoppers using mobile devices as a primary shopping tool, according to Retailers Target POS Mobility for Engagement, Interactivity and Revenue. Rather than ignore the trend, 65% of retailers made mobile POS their top POS improvement at the time. A year later, 23% of retailers reported that they were allocating resources to a mobile channel, and 45% planned a similar strategy in the next 12 months, according to Aberdeen's Mobile and Tablet Shopping Demystified: Adoption and the ROI Business Case benchmark report released in September 2011.

Fast-forward to 2012, and initiatives are clearly gaining momentum. Currently, 30% of companies are integrating "smart" technologies, such as smart phones and tablets into their POS mix, and another 40% of retailers will have the same functionality within two years. Mobile POS strategies are also flexible enough to augment any size retailer's existing POS strategy. Retailers are approaching mobile POS programs one of three ways:

* A consumer-driven program. Driven by the device's attractive functionality to facilitate an intimate relationship with the customer, consumer mobile devices, both smart phones and tablet computers, are clearly the top solutions driving mobile initiatives at store-level. From a POS perspective, consumer-driven mobile POS solutions present a new avenue for retailers not only to interact with shoppers, but also to drive revenue and a secure shopping environment. While 74% of retailers made consumer-owned smart phone POS apps their next extended POS priority, according to Aberdeen's Retailers Target POS Mobility for Engagement, Interactivity and Revenue report, only 5% of retailers currently fully support consumer-owned mobile phone shopping programs, including checkout, or self-service mobile apps in general, respectively. Tens of thousands of retailers are doing trials and pilots to figure out the ideal mobility strategy within the store. The good news is retailers recognize that mobile POS is a key differentiator among customers, which is pushing many to step up their mobile strategies. As a result, 46% of retailers plan to add infrastructure to support consumer-based mobile operations at store-level within 12 months.

* An associate-based program. Responding to its top pressures of needing to speed up transaction time and consumers' demand for more in-store digital options to improve the shopping and checkout experience,
retailers are arming employees with handheld devices, a move that allows them to conduct individualized marketing and tendering functionality as they interact with shoppers on a one-on-one basis. While 76% of retailers made this functionality a priority in 2010, according to Aberdeen’s *Retailers Target POS Mobility for Engagement, Interactivity and Revenue* report, currently, 24% of retailers added employee-operated handheld computers (either proprietary or smart solutions) to improve these and additional store functions. As retailers watch their counterparts use these solutions to bolster in-store upselling right in store aisles, extend the in-store experience and further forge the bond between customers and the retail brand, it is not surprising that 62% of retailers plan to add these devices to implementation plans within 24 months. The more information and functionality a retail associate has at their fingertips during one-on-one interactions, the stronger the opportunity to drive larger shopping baskets, as well as deliver more information and value during the checkout experience.

*Consumer-operated proprietary handheld devices.*

Originally launched as a method to allow shoppers to personally navigate and process their shopping trip, consumer-oriented shopping devices are emerging at a variety of stores. Shoppers use loyalty cards to retrieve devices, then use integrated scanners to scan product bar codes, track purchases, receive targeted discounts, and even pay for orders directly through the units. Stop & Shop, a division of Ahold, is the most recognizable example of a retailer that has successfully implemented the program, one that continues to expand in both breadth and functionality. Like consumers, competitors are taking notice, as 18% of retailers are using these and other self-service checkout solutions, and another 41% will add their own version in the next two years.

Supporting proprietary devices opens up retailers to more innovative checkout opportunities. The next generation of this technology could be integrating units with a store-based item-level RFID platform that supports reader, tags, software, and data analysis/reporting. As shoppers log on and use the "live" device, they can be targeted with customized promotions, learn about merchandise as they enter store aisles, and loyalty data linked to log in information and purchase patterns can be filtered to dedicated servers and databases for analysis. Currently adoption is slow, with 5% of retailers supporting this type of strategy. Believing RFID will be the next opportunity to transform the store-level experience, 53% of companies are planning similar strategies in the next 24 months. Macy’s and Wal-Mart have led store-level RFID innovation. In a recent announcement, J.C.Penney should also augur well for RFID innovation in the store.

Regardless of the path, the growing adoption of all three mobile initiatives proves that mobility can help retailers of all sizes and across all segments improve store-level interaction, brand awareness and drive revenue.
Table 3: Key POS Enablers

<table>
<thead>
<tr>
<th>Enablers</th>
<th>Currently Implemented</th>
<th>Plan to Implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thin-client point-of-service (POS) platform for transactions, inventory-look up, CRM, and multi-channel selling</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Smart client-based point-of-service (POS) platform for transactions, inventory look-up, CRM and multi-channel selling</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>Enterprise-server based point-of-service (POS) platform for transactions, inventory look-up, CRM and multi-channel selling</td>
<td>29%</td>
<td>33%</td>
</tr>
<tr>
<td>Self-service kiosks for web ordering and inventory look-up</td>
<td>26%</td>
<td>35%</td>
</tr>
<tr>
<td>Employee-operated mobile handheld computers for store functions</td>
<td>24%</td>
<td>62%</td>
</tr>
<tr>
<td>Self-service checkout application</td>
<td>18%</td>
<td>41%</td>
</tr>
<tr>
<td>Self-service mobile (cell phone) top up</td>
<td>5%</td>
<td>34%</td>
</tr>
<tr>
<td>Mobile retail application on consumer-owned mobile phone device for in-store use (location-based messaging, customer order and pay, and mobile composing)</td>
<td>5%</td>
<td>60%</td>
</tr>
<tr>
<td>Store-based item-level RFID platform (reader, tags, software, and data analysis/reporting)</td>
<td>5%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, July 2012

Case in Point: Little Artika

While companies like Home Depot, Urban Outfitters and Nordstrom are demonstrating the power mobile POS can have for large enterprises, Little Artika, a cross-channel retailer that operates a showroom and an ecommerce site, is a great example of a smaller company that is leveraging the power of mobile POS. In addition to its fixed POS cash wrap, which features one POS terminal, the retailer started its journey into mobile POS by integrating one iPod Touch device to its check stand to streamline its in-store checkout processes, as well as manage sample sales held in the company’s warehouse.

While the company has been using the technology just shy of a year, positive results, including a lower total cost of ownership and ease of use, prompted the retailer to use the technology as its sole POS option when it opened its new location at the Biltmore Fashion Park Mall in Phoenix.
"We are using a completely mobile POS configuration to save space and check out shoppers more efficiently," explains Ron Barry, Little Artika's managing principle. "We use iPads and iPhones exclusively, supported by a Lightspeed server, which resides in our back office."

The devices enable Little Artika to deliver paper receipts or email shoppers digital versions. The technology also allows associates to access the Web to streamline clientelling, access inventory and place customer orders.

**Conclusion**

Store-level solutions, whether from an operational or customer-facing perspective, are primed to foster a positive, unique shopping experience and build longevity among loyal shoppers.

With one eye on customer engagement and the other on a streamlined checkout experience, now is the time to take a hard look at existing POS systems and how well they are supporting retailers' intention to deliver unique shopping experiences and value. POS systems can no longer merely be a device that processes transactions and tenders payments. Instead retailers must regard POS as a critical component within retailers' customer engagement strategies, as well as the conduit that can create a seamless bridge between a company's various retailing channels.

**Key Takeaways**

Historically considered one of the largest store-level systems investments, POS must now begin to support the shopping experience on a higher level. Following are a few suggestions on how to give your existing POS fleet a next-generation facelift:

- **Keep POS platforms flexible.** With so many new customer-facing technologies available in the marketplace, retailers can no longer rely on legacy platforms if they want to expand front end functionality or bring POS into new scenarios. With 60% of retailers still struggling with legacy thinking among IT and operations teams, the move toward more innovative solutions can be a daunting task. By transitioning to more open, modern platforms, retailers are better positioned to take advantage of innovative POS opportunities that promise to streamline checkout, improve functionality and drive revenue.

- **Concentrate on cross-channel integration at POS.** As more customers do their pre-shopping "homework" online via laptop, desktop and mobile computing devices, they enter the store expecting to continue this experience. Without cross-channel integration, retailers continue to operate the brick-and-mortar store in a silo, a move that can kill the cross-channel experience and even alienate the store-level omni-channel shopper. As a result, 26% of retailers are building more efficiencies within the store-level POS experience, and 32% are executing multi-channel selling at store-
level. Both initiatives allow retailers to improve customer interaction and functionality pre-sale, during the store-visit and post-sale. Without this integration, retailers will struggle to personalize the shopping experience, and fail to deliver value-add during checkout.

- **Don't avoid automated customer-facing options.** With more access to information via digital means, consumers are conditioned to seek out automated touch points at store-level as a means of driving their own personal shopping trip. While this includes educating themselves about merchandise, they also want to use these solutions as checkout options. It is time to take the POS out of traditional settings and give more power to shoppers in-aisle. While 19% of retailers are making it a priority to add more self-service order placement options, such as Web-based kiosks, this statistic is sure to increase as shoppers continue to adopt more interactive solutions, such as tablet computers for in-store use.

- **Going mobile.** As mobile devices prove themselves as an intimate tool that retailers can use to facilitate an intimate one-on-one relationship with their customers, retailers are eager to leverage the functionality of these devices from a marketing, as well as a tendering perspective. The ability to augment POS with a mobile strategy could be the boost retailers need to creating a fully-interactive POS strategy. With 16% of retailers already introducing mobility at store-level for the customer's convenience, this will make the addition of a mobile POS strategy an easier transition for these companies.

Whether retailers are improving functionality at existing POS systems or raising the bar through the use of more innovative solutions such as mobile, retailers are looking at their checkout processes in a whole new light. By extending the checkout experience out of the conventional device and into new areas, retailers are better position to interact with shoppers, improve the overall shopping experience, build loyalty and drive revenue through repeat visits.

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OneView's Enactor Retail for Store marks a transformation in how point of sale and store systems are developed and how those systems interact across all retail channels. Leveraging a SOA-based, business process-driven architecture, OneView interconnects disparate applications via the Enactor Commerce Platform to enable seamless cross channel operations from the store up. The fully featured applications enable retailers to revolutionize their retail landscape by allowing them to cost-effectively control the store solutions infrastructure and integrate across channels as needed. Competitive differentiation is immediately achieved by tailoring the customer experience to meet each retailer's specific and continuously evolving business goals.

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