

VOLUME 146 NO. 5 SEPTEMBER/ OCTOBER 2016

furniture WORLD

Sell Smart with Guerrilla Marketing
Improve Displays - 10 Easy Ways
Designer Interview: Gary Inman
Can You Compete with Mattress Firm?
How to Respond to Customer Objections

state-of-the-industry report

Retailing
✓

OFFLINE-ONLINE

What retailers should be doing to bridge the gap.

by Amitesh K Sinha

In the past year technological leaps forward have made it possible for small and medium-sized retailers to level the playing field with their larger competitors.

The channel debate continues to shift as customers take control of the highly unpredictable consumer-retailer relationship. Keeping this in mind, it has become crucial to bridge the gap between bricks and mortar and online stores.

Do Channels Really Matter?

With omnichannel found everywhere, shoppers are being labeled as 'channel-agnostic'. Is this the right time to completely abandon channel definitions for good?

The executive chairman of the National Online Retailers Association, Paul Greenberg, believes so, "Customers today don't shop by channel. They shop by brand, and they're calling the shots. Customers demand multiple touchpoints with their brand of choice."

Greenberg argues that instead of just focusing on channels, stores should give importance to Brand and Experience.

- **Brand** – *Your brand should be strengthened so that it successfully attracts more loyal consumers. This can be done by working on your*

brand awareness, reputation, and credibility.

- **Customer Experience** – *New ways of engaging customers should be found to make it easier for consumers to engage with you.*

These are the basics of doing business, and are crucial factors that help you connect properly to your customers, regardless of the channel you use.

Once this has been worked upon, your store can ponder effective ways to bridge the gap.

Bridging the Gap: How It Can Be Done

Home furnishings retailers who have done the requisite work Greenberg suggests, are ready to bridge the gap between offline and online. There are numerous ways in which retail stores can do this. Start by considering these four effective methods to bridge the offline-online gap.

1. **Implement a Location-Based Marketing System.** Using Wi-Fi analytics tools, brick and mortar store owners can and should track foot traf-

“Offering WiFi will encourage them to do research in your store so they can make informed buying decisions, plus allow you to track their shopping behavior at the same time.”

fic not only inside their stores, but also outside within a certain range. New technology can gather and analyze collected data so you can send location-based offers to prospective buyers to lure them into your store.

This is a prime example of an area where technology has evolved quickly. Location-based technology has become highly effective and so affordable that growth-oriented retailers can not afford to ignore it.

How Location-Based Technology Works

- *Wifi sensors and cameras facing the front doors capture foot traffic data from shoppers carrying smart phones as they enter.*
- *Cameras take pictures to provide accurate traffic counts, and use*

“If a customer’s phone has WiFi enabled, it will always ping the available Wi-Fi ssid’s - (Service Set Identifiers) of customers and shoppers entering your store.”

face recognition technology, capable of identifying buyers/shoppers who are repeat customers.

- *Camera sensors provide a heat map of average shoppers as they walk through the store, showing where they spend their time. Heat maps are a critical tool to manage store layout and merchandising so management can focus on specific product categories and store areas backed by hard data.*

Example: Retailer “XYZ”

Let’s look at retailer “XYZ” based on an actual case study. Before installing new technology, this retailer used rough estimates of traffic and did not have a proper UPS system to gather information and bring it to the front.

Like many furniture retailers, traffic estimates were based on what people “thought” was happening with foot traffic and sales person interactions.

Since store “XYZ” put its system in place, they were able to identify exactly how many people entered the store every hour of every day, as well as calculate how many sales people were required to work with these potential customers to make a minimum sale every week day, weekend and holiday weekend.

Initially, they were shocked to learn their store was always understaffed.

Proper staffing resulted in increased customer and sales person interaction. An increase in sales person motivation levels led to a more sales per employee, overall growth and profitability.

The key take away? Stores either have WiFi available, or can make it available at very low cost. If a customer’s phone has WiFi enabled, it will always ping the available Wi-Fi ssid’s - (Service Set Identifiers) of customers and potential customers entering your store.

2. Start To Digitize Your Retail Environment. Innovative retailers are digitizing their retail environment by utilizing digital technologies to enhance the customer experience in their stores. We are beginning to see free Wi-Fi, cloud based POS systems, interactive shop windows, beacons, and more. Should retailers offer in-store Wi-Fi? It’s not optional in today’s wired world! Consumers demand it, and offering Wi-Fi will encourage them to do research in your store so they can make informed buying decisions, plus allow you to track their shopping behavior at the same time.

Is there a reason not to offer free WiFi? Only if you have slow WiFi speeds, as this will turn off the current generation of tech savvy customers who want information delivered to them very quickly. Consider putting up signage that announced your FREE WiFi, similar to what Starbucks does to invite customers indoors.

This comes with some considerations with respect to customer privacy. While using Wi-Fi, you’ll pick up customers’ Media Access Control (mac) identification numbers, addresses that are tied to the physical embedded chipsets. As part of the wireless protocol(s), these mac ids are automatically broadcast

“As the lines between each of the channels continue to blur, it has become very important to seamlessly integrate your inventory with order processing and fulfillment strategy.”

when devices search for networks or communicate with other devices, including wireless access points and wireless headsets-- so they are visible to a broader set of monitors. Mac ids often can be linked to individuals by name. For example, when your customers sign into a commercial Wi-Fi network, their mac id is tied to the information they use to sign up for the service. Additionally, automatic Wi-Fi probes also broadcast the names of last networks a device has connected to, which can potentially reveal additional information about the individual, such as the name of their home or work network.

Camera and facial recognition captures images of customers walking in through the front doors and then in and around stores. This allows a store's system to capture unique versus repeat visitor rates. The store system will keep the images in its database for accuracy of count and recognition purposes over a period of time, perhaps three to six months.

Retailers have the option to post a policy statement about the use of personal information collected, but this may serve to bring attention to,

and increase shoppers' confusion about, how images and data are being used and whether their right to privacy is being respected. Suffice it to say that furniture retailers should be aware of these issues, respect and protect the privacy of customers.

3. Develop a Rich Mobile Experience. With the continuing rise of mobile, smartphones and tablets have become a crucial part of consumers' lives, allowing them access to various digital touch-points. Bricks and mortar retailers should, in an attempt to bridge the offline-online gap, introduce mobile commerce to make it easier for their customers to buy using a channel they prefer. Consumers are in control today, not retailers. You must give them the tools to shop you when, where and how they want to engage with your store. If you don't, they will go to a retailer that does. Why risk that?

4. Give Customers Visibility into Your Stock Levels. As the lines between each of the channels continue to blur, it has become very important to seamlessly inte-

grate your inventory with order processing and fulfillment strategy. It's a wise idea for retailers to invest in an online-offline inventory management system. This enables consumers to check what is in store, saving them from the hassle and frustration of visiting the store only to find out that the product they want is out of stock.

Compete With Wayfair, Amazon & All The Rest

There is no reason why customers should have to wait for a store employee to retrieve information on inventory levels and product options. Consumers expect instant access to product availability information and delivery times, either from sales associates or from a robust website that can sort your SKU's as In-Stock and/or On-Display.

No matter what system you use, you should have the ability to sort your SKU's relative to your best sellers, additional items in the collection and more. The key word here is "intelligence".

Remember, your competitors are Wayfair, Amazon and all the online retailers showing hundreds of thousands of products with in-stock and delivery options. If you can't accurately show everything you have open to buy, you will put yourself at a competitive disadvantage. Over 80 percent of all consumers would rather buy locally, so don't give them an excuse to look for other options.

Integrating Retail Systems

Finally, bring yourself up to speed with current technological advances and new ways to upgrade and integrate your systems. It is possible

OFFLINE ONLINE

and advisable to use a business intelligence platform to integrate, number crunch, analyze and display information collected from your POS system, location-based technology and UPS system software.

Once a store has integrated reporting in place, retail managers have easy access to just about every key metric in retailing.

Some training is, of course, necessary. But generally, learning to use business intelligence systems and processes only takes a few hours of training, once the systems are set up

Conclusion

Advances in retail technology, from search through check-out, will leave unprepared retailers lagging the competition. If you don't adapt soon, harness your data and have it at your fingertips 24/7, you risk becoming a dinosaur. So many former successful furniture retailers are "gone". They didn't adapt... and are now just a memory.

Technology provides an opportunity for small and medium-sized retailers to level the playing field with their larger competitors because adapting systems, processes and business intelligence is NOT as expensive or cumbersome as it was even a few years ago. Advances in technology and the ability to harness it for everyone has changed our lives. Think how the Smart-Phone has changed your life, now think "Smart Store"!

About Amitesh Sinha: *Amitesh Sinha is a contemporary technology consultant based in North America who focuses on the home furnishings industry. With over 20 years of hands-on experience in developing and deploying innovative solutions for retail stores, Sinha has gained a distinguished reputation for Business Intelligence & Analytics for Retailers, inventory software solutions, creating databases, Home Furnishing Software, POS Furniture Software, and re-engineering of software with extended features and support. His company, iConnect offers business technology solutions that integrate with most P.O.S. systems to make them more efficient and user-friendly.*

For more information about this article or any retail technology question contact Amitesh at 703-471-3964, amitesh@iconnectgroup.com or www.iconnectgroup.com.

"Consumers expect instant access to product availability information and delivery times, either from sales associates or from a robust website that can sort your SKU's as In-Stock and/or On-Display."

Free Weekly eNewsMagazine From Furniture World. Subscribe Today!

It's easy. Just visit <http://furninfo.com/Subscriptions>

Keep up to date with the latest industry news, retail tips, pre-market information and articles from the editors at Furniture World Magazine. Renew or add a new print subscription at the same time!

