



Photo courtesy of Finish Line

# NEW RETAIL TECHNOLOGIES

By Fernando J. Delgado

**T**echnology has obviously changed the landscape of the retail marketplace, as more retailers are using solutions that emphasize mobility, efficiency and sustainability. SGB checked in with several leading retail technology experts in order to identify key technologies impacting Point of Sale, Business-to-Business, Merchandising and Planning, and Online Training.

## GOING MOBILE: POS TECHNOLOGIES

Point-of-Sale (POS) systems used by sporting goods retailers have undergone a gradual shift in function in recent years. Understanding the most important technologies affecting POS systems first requires identifying the expanding role of point-of-sale itself.

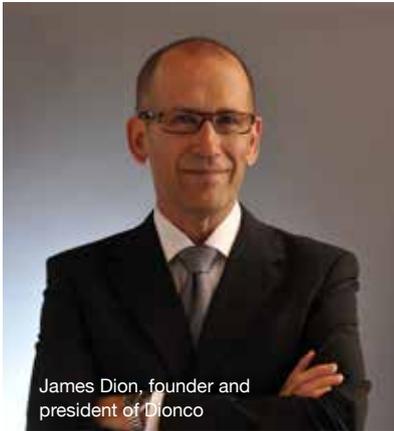
“What we see, and I think what the world sees, is that POS in the old days was about taking money from customers and maybe tracking inventory as a result of that,” said Rob Henneke, executive vice president of RPE (Retail Process Engineering/RPE Solutions) and a veteran of the sporting goods industry. “But in today’s environment, POS



Rob Henneke, executive vice president of RPE

is tasked to do many more functions than what it did 20 years ago. In addition to transactions and proper accounting, POS is now also responsible for customer loyalty, CRM [Customer Relationship Management], PCI [Payment Card Industry] issues, back office transfers and receiving, time-keeping and scheduling, and task management. Retailers need to identify the activities POS has to be responsible for, and then find a way to accomplish that. That’s where POS is going.”

James Dion, founder and president of Dionco, a Chicago, IL-based firm that offers retail consulting, is a leading expert in retail technology solutions and has also tracked the expanding capabilities of POS, which can now help sporting goods retailers connect more closely



James Dion, founder and president of Dionco

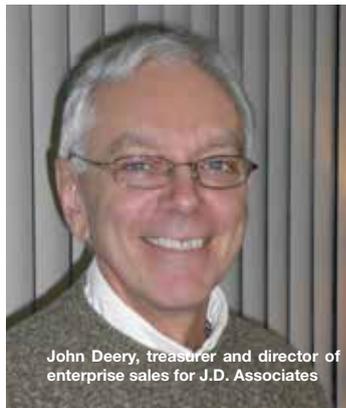
with their customers. “Clearly, the retailer can get a lot of information from the POS,” said Dion. “For too many years now, POS has merely been a cash transaction tracker. So a retailer knew how much it sold, and what it sold, but it didn’t necessarily

know who it sold products to. Being able to tie an individual to a transaction, and therefore to a range of products, really opens up a new frontier for one-on-one marketing.”

POS software solutions currently used by retailers include Retail Pro, Microsoft Retail Management System (RMS), and Keystroke POS, while examples of leading POS hardware systems are HP’s rp5800 Point of Sale solution, IBM’s SurePOS 500 system, and NCR’s RealPOS 25 system.

Retail Pro, which is in use in over 55,000 retail outlets worldwide, is the number one point of sale software offering for Leominster, MA-based J.D. Associates, a leading provider of retail solutions for small-to-medium-sized businesses. According to John Deery, treasurer and director of enterprise sales for J.D. Associates, Retail Pro 9 can be deployed in either single-store or multi-store settings and offers a variety of capabilities.

Its software establishes a computerized point of sale system that reduces theft and human error, while increasing efficiency and speed in the checkout process. Among several other capabilities, the Retail Pro system also offers



John Deery, treasurer and director of enterprise sales for J.D. Associates

retailers extensive transaction tracking, discount tracking, product tracking, sales productivity statistics, inventory control and management, purchase order management, customer relationship management and payment processing solutions. “Retail Pro also has a very active third party developer market, in the form of an app market,” said Deery. Foundry Logic, a software development company, offers such add-ons to Retail Pro, including the new v3 Mobile POS app for Apple devices.

POS has also been revolutionized by mobility. Smartphones and tablets have completely changed the retail experience for consumers, as technology has made shopping and purchasing items in-store much easier and faster. “The biggest technology change that we’re seeing interest around is mobility,” said RPE’s Henneke. “Take scheduling for example. How does an associate find out what schedule they’re working tomorrow? How do they make a schedule change, and can they do that from a mobile location, whether it’s from their home PC or their smart phone?”

“You also see more retailers in-store want to keep POS as a low profile set of solutions and make POS more mobile, so that associate can access things like a customer’s history or inventory of other store locations and the warehouse, all on an iPad, tablet or other mobile device,” continued Henneke. “Retailers want to figure out how to take that clunky, big piece of hardware that sits in the corner of the store and make it more mobile to perform all the functions that happen in the store.”

Robert Amster, principle at The Retail Technology Group in Samford, CT, believes that mobile devices are the most impactful technological tools for POS systems and that they will become much more commonplace on retail floors in the near future. “Upcoming POS technologies are rooted in mobility. In the store, I can use mobile devices as a portable point-of-sale, including devices such as the iPod Touch that retailers can use on the sales floor,” said Amster. He added that another device being used more frequently by retailers is the tablet form factor. “The best-known tablet is the iPad,” continued Amster. “The others have not gained in traction. And the reason that they haven’t gained in traction is not because they’re not good, and it’s not because

they’re not durable, it’s because they’re not as ‘sexy’ as the iPad. The iPad was a consumer-oriented product. It was never intended by Apple to be used commercially by a business.”

Amster believes that the iPad’s current popularity at retail as a mobile POS device is a result of its ease of use and functionality. “And it is not retail-hardened,” he explained. “It has beautiful clarity, so people like to use it. It gained acceptance because it was available, and because a vast majority of people who work as employees in retail are of the age group that probably owns an iPad for their personal use. The learning curve is very flat. There’s nothing to learn – they know it already and they’re not intimidated by the technology.”

“Tablets, in addition to being used as point-of-sale devices, are also used in upselling and cross selling,” said Amster. Cross selling occurs when a sales associate suggests complementary items for products in their store. The Lookbook application for the iPad and Lookbook Mobile application for the iPhone, iPad, and iPod are new tools retail associates can use in the store to help customers find recommended items, as well as sizes or colors that may not be available in the store but available at another store location or in the retailer’s warehouse. “That’s a very powerful use of visual devices such as tablets,” said Amster.

Perhaps the most vital POS technology impacting customers that mobility has made possible is mobile payment. The ability for a customer to pay for a transaction with their smartphone or on a pad outside the dressing room is transforming the retail experience. “Mobile payment is another emerging technology gaining wide acceptance,” Amster said. “Eventually, consumers aren’t going to need a wallet, because mobile and wireless payment systems will enable consumers to use their smartphones

and not have to carry their credit card.” Several companies have developed mobile payment applications, including Google’s Google Wallet, Apple’s iWallet patent, Visa’s payWave, and PayPal, which recently expanded its offering to Foot Locker, among several other non-sporting goods retail giants. KeyRing’s Mobestream and Constant Contact’s CardStar applications, meanwhile, provide organization and storage of loyalty cards. According to The Retail Technology Group, the smart phone will have replaced the wallet within three years. And as more sporting goods brick-and-mortar retailers accept mobile payment options, mobile payment and checkout will become the norm.

Finish Line, Inc., the second largest athletic retailer based in the U.S., provided SGB with a look into its state-of-the-art POS technologies and unique approach to company-wide implementation. “We upgraded to a new version of our point-of-sale system this year, and we did that for a number of reasons,” said Terry Ledbetter, Finish Line’s chief information officer. “One is to get more



Terry Ledbetter, Finish Line's chief information officer

accessed more easily than paper receipts, which can be misplaced. Finish Line’s e-mail receipts have the added feature of being available to all customers, even those that are not members of the retailer’s loyalty program. “Everybody is trying to get customers to enroll in loyalty programs. But we didn’t want that to stand in the way of customers who didn’t want to opt-in to the loyalty program. It’s really

resonated with our customers; people opting in for e-mail receipts with assurances from us that we’re not going to do anything with their e-mail address other than use it to send their receipts. That’s made customers really happy.” Finish Line uses the Micro-Retail XStore POS system as well as the Micro-Retail miStore handheld mobile POS on an Apple iOS platform. Store associates use handheld devices equipped with miStore, which in turn is connected to the XStore POS system.

Despite the trend towards more mobile POS, fixed POS systems will continue to play an important role for retailers according to J.D. Associates’ Deery. “We’re finding that people don’t want to completely do away with fixed POS. But they want to add mobile POS as an option,” said Deery. “Retailers right now want to change the nature of how they do customer service. If there’s a mobile POS component, the relationship continues to where that particular customer is checked out by the sales associate, and that can include add-on sales and further incentives. If a retailer has a large POS footprint, with two, three, four or more fixed POS terminals, imagine eliminating one, two or three of those,

and replacing them with sales associates armed with mobile POS devices.” He pointed out that fixed terminals may continue to be used for customers paying with cash, while sales associates using mobile POS devices can better handle electronic payments such as mobile wallets and credit cards.

Fixed POS systems, in the form of leading hardware systems such as the HP rp5800 and the IBM POS500, are also advancing thanks to technology. “All-in-One point of sale terminals are a big deal right now,” explained Deery. “Touchscreen technology is very important, because it makes it easy for any retailer to have a screen that can mimic a fast food store screen.” According to Deery, touchscreen technology in the newest POS register systems offer several



features and functionality in the point-of-sale. But we also did it because it laid the foundation for us to allow mobile devices to be used in the store for checkout and for other store operations functions.”

Finish Line is one of the only sporting goods retailers in the country to implement mobile POS technologies in a majority of its retail locations. “What we’ve done fleet-wide is that we’re committed to putting mobile checkout in all of our stores - minus a few that are being re-modeled - for this holiday season, and it’s a trend

advantages while taking up substantially less space than older fixed POS hardware systems. “Imagine being able to touch, at the register, those items that you don’t want to barcode or price tag individually,” he said. “Pick any retailer and there’s always a bunch of items that fit that bill. Those devices also require that there’s a PC hiding under the counter, so they physically take up less space which is very attractive to retailers. They also offer integrated electronic funds transfer (EFT), so you can also eliminate the fixed credit card terminal on the counter and free up even more space, and eliminate any processing errors.”

Another technology widespread at sporting goods retailers is the QR Code (Quick Response Code). “QR codes have been around a little while, and they’re very cool,” said Dionco’s Dion. “Consumers have been using them for product knowledge. The technology is simple: a URL encoded into a QR code which takes the consumer to a protected website. They give valuable product knowledge to both staff and customers right at point-of-sale.” Dick’s Sporting Goods is a leading retailer that heavily uses QR codes in retail locations, while dozens of brands such as Mueller Sports Medicine have been using QR codes with in-store retail displays.

A more niche trend in POS technology is item-level RFID (Radio Frequency Identification). “RFID technology would be extremely useful in sporting goods because it enables the retailer to know how much inventory of any particular product they have, right down to size and color, wherever it is in the store, or wherever it is in the warehouse,” said The Retail Technology Group’s Amster. “For some reason, it has not gained wide implementation, but I believe it is an emerging technology. Maybe when the price tag comes down, it will see more acceptance and the industry will embrace it.”

RFID tags can be used to track inventory from the warehouse to the retail location, in addition to preventing loss of products during transportation and theft of products from the retail store itself. RFID can also be used for customer self checkout. An example of a recent technological solution for retailers based on RFID is a “Single Tag/Single Application” solution, the result of a joint partnership between Truecount Corporation, a developer of advanced item-level RFID software, and TAGIT, a developer of Electronic Article Surveillance (EAS) and Electro Magnetic (EM) systems. The consolidated system, introduced in November, offers retailers advanced inventory management and loss protection.

Despite the advanced technology of RFID and the potential benefits it provides, its usage by sporting goods retailers in the U.S. is limited. “We had such high hopes for RFID years ago,” said Dion. “The physics turned out to be a tougher than people imagined.” According to Dion, if every item in a retailer’s inventory were to have an RFID tag, it would be possible to have instant inventory. RFID would give a retailer the ability to walk around the store or warehouse with a reader and account for every item in the inventory at every moment. When a customer purchases an item, rather than scanning a barcode, the POS would simply read the RFID identifier. At that point, the identifier can be deactivated as it leaves the stores. If an RFID identifier is not deactivated, the tag doubles as a security tag. “Lots of really good stuff can happen with RFID, the problem is that the cost of the tags has not come down,” he said.

Another emerging POS technology used by a select group is digital display. “Digital display in the store - a flatscreen running a loop of a snazzy video--helps generate excitement and provide product information,” explained The Retail Technology Group’s Amster. “A customer can stand in front of a display for a few minutes, get hyped up about a product, and then turn around and say ‘Where is it? I want to buy one.’” According to Amster, the most sophisticated central system can determine what store locations play certain clips at specific intervals and at specific times of day. PacSun is an example of a retailer utilizing digital display to drive sales at select store locations. ■



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