



## 8 Best Practices for the Future of POS

The retail industry has entered a new era. The store experience goes far beyond conducting a simple transaction at POS. Instead, this new retailing landscape merges the physical and virtual worlds.

POS functionality has improved recently and more advancements are on the horizon. With the technology available today, customers are expecting better service in real time from their favorite stores.

Real-time engagement technologies, such as the Internet, kiosks, digital signage, even mobile apps, are revamping retail and putting consumers in control of the shopping experience. In response, merchants that want to conduct business in this next generation of retail are learning to position their POS systems at the center of this Internet-oriented shopping experience. The result: Retailers can deliver the same experience at store level.

Because consumers are entering stores armed with product information and pricing via their personal mobile devices, store associates must be armed with at least as much, if not more information in real time. For cost and time efficiency, retailers can access on-demand cloud-based solutions to facilitate loyalty programs, returns, couponing, real-time inventory and gift cards. But that is only the beginning.

By integrating the following eight best practices, retailers can establish a clear foundation for their POS strategy, and remain flexible enough to adopt new solutions as they emerge.

### POS Strategies to Consider

- 1. Meeting the Needs of the Digital Era:** Reliability, speed and security associated with more modern digital applications are prerequisites for today's mission-critical retail operations.
- 2. E-commerce and the Omnichannel Experience:** Thanks to the omnichannel shopper who uses all channels to make an educated purchase decision, retailers must centralize and share these processes across all channels.
- 3. To the Cloud or Not:** Unified commerce, along with speed, agility of deployment, and scalability, are the top reasons companies consider cloud-based platforms.
- 4. Using Technology to Enhance Customer Engagement:** With the swipe of a loyalty card, inputting a telephone number or scanning a barcode on a mobile coupon, retailers can use POS to deliver incentives, up sell, cross sell, and most importantly, interact with shoppers on a first-name basis, rather than as an unnamed guest.
- 5. POS in a Mobile World:** Mobile POS is taking on many forms. Handheld devices, like the Apple iTouch, as well as tablet computers are being attached to shopping carts and being used by store associates.
- 6. Pricing Solutions to Create Consistency:** In a world where the web and mobile technology are enabling consumers to conduct price comparisons anytime and anywhere, many retailers are trying to send a consistent pricing pattern, or price transparency, across all channels — physical and virtual.
- 7. Addressing Key Security Concerns:** Retailers must constantly be on the lookout for changes and updates to mandatory regulations, such as the Payment Card Industry Data Security Standard (PCI DSS), which must be addressed by all POS solutions.
- 8. The Complexities of Hardware Choices:** Merchants should remain focused on creating a POS foundation based on a robust solution built from the ground up that will support modern POS systems.



## 1. Meeting the Needs of the Digital Era

Current POS configurations are much more complex than the obsolete electronic cash register. Not only is it networked with the corporate office, POS requires a reliable connection to transfer data with credit card companies, suppliers, consumers and now, omnichannel.

Files shared between stores, corporate and business partners also are more complex as they contain sales data, customer information, even images and video in some cases. These mission-critical data exchanges require a large, reliable network that is “always on” and can quickly transfer data. Connections must have an adequate amount of bandwidth that can handle growing levels of data traffic; and, most importantly, they must be cost-effective. These are the key attributes of a well-integrated business.

Reliability, speed and security associated with broadband are prerequisites for today’s mission-critical retail operations. Broadband also plays an even more significant role for POS since it can act as the conduit to adopting cloud services that enables companies to “electronically share” computing resources on-demand.

## 2. E-commerce and the Omnichannel Experience

As the digital era supports more data transfer capabilities and a multitude of payment options, it also is paramount in supporting a seamless omnichannel shopping experience. Whether consumers shop at brick-and-mortar stores, e-commerce sites, catalogs or using mobile commerce, they expect a consistent experience every time, across every channel.

Historically these channels were managed in silos, each with their own inventory management, marketing and CRM profiles, and even payment switches and returns policies. Thanks to the omnichannel shopper who uses all channels to make an educated purchase decision, retailers are under the gun to centralize and share these processes across all channels. Retailers including POS in the process to tie all these channels together will gain a single view of the shopper — and her purchase behavior — no matter where she shops.

When shoppers enter a store — especially those armed with personal consumer devices that connect to online search tools — currently they have far more access to information than many store employees. By integrating channels and serving up information at the POS, store associates will be able to expertly respond to consumers’ questions, and deliver the same product details, inventory levels, and make recommendations based on customer reviews found on the company’s e-commerce site.

Taking this concept one step further, some chains are empowering associates with tablet technology, allowing them to connect with shoppers anywhere on the sales floor.

### 3. To the Cloud or Not

Unified commerce, along with speed, agility of deployment and scalability are the top reasons companies consider cloud-based platforms. The cloud also promises to provide fiscal advantages. For example, companies are not required to purchase software outright, which reduces capital and operations costs. These are two factors that help the cloud deliver a low total cost of ownership (TCO) and significant cost savings.

So, while industry experts believe in the value of cloud services, they also urge retailers to consider the cloud for nonmission-critical operations, such as personalized marketing and promotions, loyalty functions and efficient returns. At the POS, on-demand cloud-based solutions can easily facilitate:

- Loyalty programs
- Returns validation
- Couponing
- Real-time inventory
- Gift card authorizations

### 4. Using Technology to Enhance Customer Engagement

Loyalty is at a premium these days, and unless retailers are nimble enough to deliver superior customer service and value at the drop of a hat, they can kiss their loyal shoppers goodbye. Clearly, many retailers provide in-store rewards and/or coupons via POS-based loyalty programs. However, too many loyalty programs not only fail to target and reward the most valuable shoppers, but also have become nothing more than clipless coupon programs — and most incentives are no more valuable than spam. By adding solutions that can recognize shoppers as they enter the store, and redeem personalized incentives during checkout, retailers will bolster customer engagement and build relationships.

Today’s open POS systems are robust enough to integrate loyalty software that allows store employees to interact with shoppers not only during checkout, but also, if equipped with mobile solutions, even during the shopping trip. True retail winners will find a way to link mobile and online incentives with traditional in-store loyalty programs. Besides recognizing shoppers as they walk into the store, POS will be the tool needed to redeem incentives at the end of the in-store shopping trip.



With the swipe of a loyalty card, inputting a telephone number or scanning a barcode on a mobile coupon, retailers can use POS to deliver incentives, up sell, cross sell, and most importantly, interact with shoppers on a first-name basis, rather than as an unnamed guest. By engaging signature capture devices, many chains are presenting additional marketing images or electronic promotions to the customer as their purchase is rung up. In return, the transaction data also allows a return validation system to reduce the chance of fraud.

Retailers also are winning over customers with electronic receipts — paperless, digital receipts that are emailed to shoppers following the transaction. Besides reducing paper and streamlining the checkout process, digital receipts also afford retailers an opportunity to enforce return policies. While a receipt is typically required for returns or exchanges, digital receipts require retailers to use customer information, loyalty accounts, even telephone numbers to access consumer transactions.



## 5. POS in a Mobile World

Mobility in POS is important, but it takes on many forms, and the retailer needs to determine the best ROI. Handheld devices, like the Apple iTouch, as well as tablet computers are being attached to shopping carts. Store associates and managers are using tablets to access inventory, conduct daily operations and streamline customer purchases (and most importantly, untether them from traditional POS or the back office so they can offer a personalized shopper experience). And shoppers have access to

self-serve, store-based kiosks that provide product information, gift registries, loyalty information and the ability to place orders.

Mobile devices not only allow companies to promote and sell products, they also are supporting mobile commerce — the ability to use the smart device to electronically pay for orders, using various payment methods, such as Apple Pay.

Retailers must consider the security implications of these applications. Combining mobility with store systems is a two-edged sword. With the security issues brought on by adding wireless access and devices, a retail store must be extremely careful during implementation and ensure that proper safeguards are performed regularly.

Once the security concerns are alleviated, the biggest challenge for retailers is developing a strategy that will provide the greatest return on investment. To create a successful mobile POS strategy, retailers need to incorporate the following:

- Handheld solutions for store associates that enable them to interact with the shopper throughout the entire shopping trip, and
- Secure access that allows shoppers to use their own personal consumer devices to control the physical and virtual shopping experience

## 6. Pricing Solutions to Create Consistency

In an ever-changing economy, price couldn't be more important to a retailer's value strategy. Channel blurring is taking a toll on chains as clothing, electronics, even produce are showing up in the least conventional places — making everyone a competitor. Add in emerging channels, such as mobile, and all retailers need a steadfast pricing strategy that will attract shoppers and keep them coming back.

Many retailers are trying to send a consistent pricing pattern, or price transparency, across all channels — physical and virtual. Some chains are upping the ante with customized pricing, or value-centric prices based on specific consumer segments, demographics, locations or purchase history. At the core of this strategy is price optimization software.

By coupling consumer demand information with historical sales data, price optimization provides a scientific way to accurately predict the future impact of price and promotion on specific items. Besides revealing just how high or low merchants can stretch prices, the solution forecasts the effect of pricing and promotions on total categories, department sales, profits, units and margins.

Historically, retailers used to drive the direction of technology to consumers. With the growing adoption of intelligent personal consumer devices. There is currently a huge shift in the industry as retailers try to determine how to adapt these mobile technologies to the POS environment.

## 7. Addressing Key Security Concerns

Data security is a concern every step of the way in the process of expanding omnichannel engagement and responsiveness. And retailers must constantly be on the lookout for changes and updates to mandatory regulations, such as the Payment Card Industry Data Security Standard (PCI DSS), which must be addressed by all POS solutions. In addition, many states are now serving up their own regulations regarding how customer data is transmitted and stored.

It is no secret that POS is a breeding ground for security breaches, due to its nature of being a mission-critical, data-capturing tool. And no retailer is immune. As companies increase flexibility of their front-end systems — whether migrating to more open POS or integrating more customer touch points — they also take on greater liabilities.



## 8. The Complexities of Hardware Choices

Retailers have more hardware technology choices than ever before, and new ones continue to emerge. Rather than becoming overwhelmed or confused by the new bells and whistles hitting the retail technology landscape, merchants should remain focused on creating a POS foundation based on a solution built from the ground up that addresses their current needs and adapt to future needs.

Overall design also matters, as these systems often are utilized in harsh environments. That said, sealed solutions that can tolerate extreme temperatures, moisture, electrical interference and other contaminants are a must. For example, it is not uncommon to find an abundance of lint at the checkouts of clothing or craft retailers. Companies



should be exploring solutions that have been retail-hardened tested and those that have faced — and survived — the harshest environments. The same attention should be focused on touch screens.

Retailers also must consider the best ways to meet security regulations, and many new devices are designed to accomplish this in different ways, such as providing encryption at the point of card swipe, secure network devices, and secure protocols for data transmission. Additionally, retailers must evaluate the strength and longevity of the “guts” of these all-encompassing machines, including fans that can remove heat from the operating chassis, as well as the processors themselves.

## Conclusion

With so many new POS options available — and so many more advancements on the way — retailers are hard-pressed to deliver the best possible customer service.

To be successful in this “era of customer engagement,” retailers have plenty of opportunities to help them rise above the competition. They must consider the value of cloud services and how configurations will connect with new hardware options, such as all-in-one, retail-hardened solutions.

Retailers are reevaluating their loyalty propositions and exploring the best ways to reward and recognize their best shoppers. They are determining if it is time to move beyond price transparency and consider more complex customized prices and optimization programs.

Omnichannel also continues to deliver its own set of opportunities — and challenges — as retailers begin embracing more handheld and personal consumer technology at store level. By adding these new solutions, retailers also are facing new security issues and pre- requisites to ensure the safety and security of all mission-critical and sensitive data.

Today’s merchants are learning to integrate these points and expertly deliver a shopping experience that exceeds customer expectations. While the best formula varies between retailers, individual companies will succeed as they choose the solutions that balance the cost of implementation versus the anticipated ROI. Merchants mastering this formula will stay ahead of the competition and garner the often-elusive, long-term customer loyalty.



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