

TECHNOLOGY TRENDS is a publication
of *Echangeur by LaSer*

Observatoire **E-Insight** identifies the
technological breakthroughs likely to lead
to new uses in the customer relationship.
it offers a 360° vision of emerging
technological trends
and their marketing applications.

TECHNOLOGY TRENDS: 3 interpreted trends
for a consolidated vision of the
Observatoire.

In this issue :

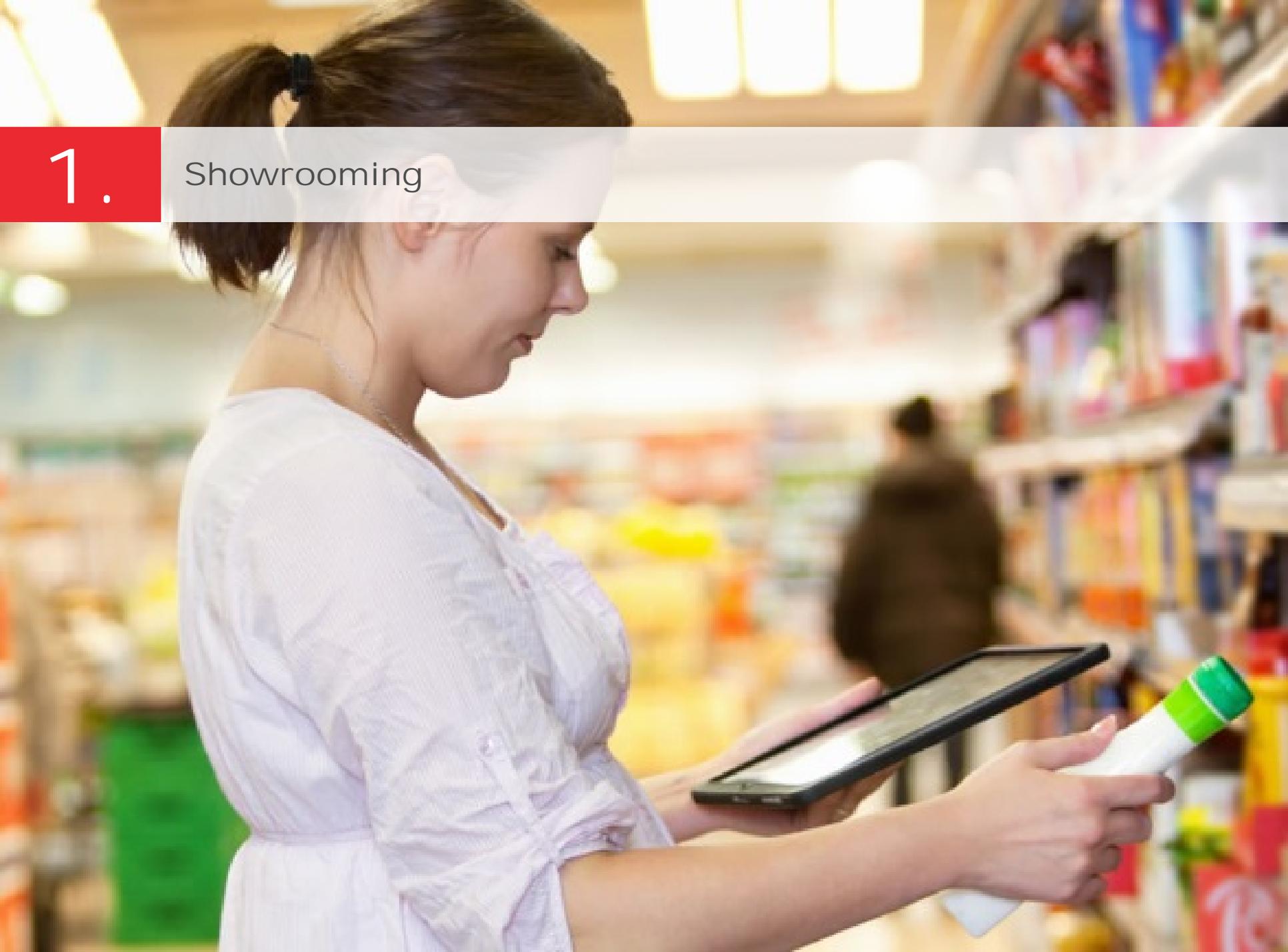
February 2014

page

- | | | |
|---|---|-----------|
| 1. Showrooming | What are mobiles used for?
What is showrooming?
What products are compared?
What impact is showrooming having on retailers? | 3 |
| 2. Macy's banks on omni-channel retailing | The mobile at the heart of Macy's digital revolution
The connected sales assistant
The social networks
The virtualization of brand corners | 6 |
| 3. Customer experience is on the move | NFC Store
Microgeolocation : the last meter of the customer relationship
Let the store go to the people | 9 |
| 4. Business case : Ocado stakes on the cloud ! | | 15 |
| Observatoire E-Insight on the web | | 18 |
| Contacts | | 20 |

1.

Showrooming



Showrooming is the practice of consumers visiting a store to gather product details then buying the item(s) cheaper online.

Showrooming, following the example of ROPO (research online purchase offline) last year, was mentioned in several conferences at the 2013 edition of the Retail's Big Show.



Pricing, application of price comparison

According to 2012 Comscore figures, 51% of French mobiles are smartphones. This penetration rate mirrors that of continental Europe (55%). The mobile is becoming the tool of the shopper and of the customer relationship. It is giving rise to new purchasing patterns.

1/ What are mobiles used for?

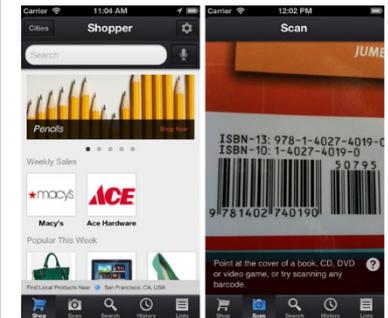
Searching for information is one of the main uses of the mobile Internet (60%), which invariably impacts on consumers' path to purchase.

These figures clearly underline the transformation in the way consumers use their mobiles every day and thus in the customer path to purchase. Nowadays they can use a smartphone to locate a store, view a product description online, ask their Facebook friends for their opinion, check in-store availability or do some showrooming.

2/ What is showrooming?

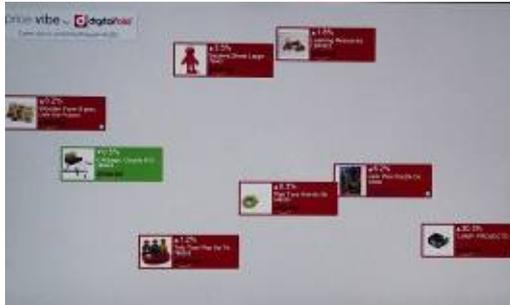
Showrooming is the practice of consumers visiting a store to gather product details (price, fitting, advice, etc.) then buying the item(s) cheaper online.

This practice has become more democratic with the boom in smartphones and price comparison apps like Google Shopper in the USA or Prixing in France.



Google Shopper (US)

Price is now central to showrooming: 72% of showroomers do it to get the best price [...]



Digital Folio can track up to 10 000 products per second (stand Microsoft – NRF 2013)

And according to a Harris Interactive survey, a small difference in price is enough to induce the customer to order from an online competitor: 40% of showroomers purchase online rather than in store if the price difference is at least 2.5%.

According to the same survey, it would appear that 50% of online sales result from showrooming and online price comparisons.

3/ What products are compared?

According to Comscore, electronics (63%) and clothes (43%) have been the sectors hit hardest by showrooming. So it is hardly surprising that consumer electronics are those most affected by showrooming: they are easy to compare and there can be a big difference in price between the store and a web site.

4/ What impact is showrooming having on retailers?

Best Buy, Walmart and Target are the 3 brands hardest hit by showrooming in the USA.

At Best Buy, the worst hit brand, a showroomer will end up spending \$280 on average at a competitor's online site. And in 71% of cases the competitor is Amazon.

Unsurprisingly, the outright winner of showrooming is Amazon, with 57% of post-showrooming sales. This can mainly be explained by the fact that prices on average are 11% lower on the Amazon site than those of bricks-and-mortar retailers. Furthermore, shipping times are increasingly short (less than 24 announced by Ebay or Amazon for example), addressing customers' needs to receive the product quickly.

The showrooming phenomenon is not confined to the USA. In Great Britain, agency Foolproof has demonstrated that 24% of consumers engaged in showrooming for their 2012 Christmas shopping. 40% of these showroomers bought the product they had compared with a competing one online or in-store.

On average this generated nearly 10% of lost sales for the retail chains over the Christmas period and £500 million on the last weekend before Christmas.

The upheaval of consumption patterns, and more particularly the development of showrooming, can have drastic consequences for certain specialized retailers.

Still marginal, it's a safe bet that showrooming will explode, with the ever growing number of smartphones and an economic climate driving consumers to hunt down bargains. In the United States, 96% of smartphone owners have stated that they will engage in showrooming for their next purchases (Harris Interactive). ■

2.

Macy's banks on omni-channel retailing

🔄 Scanning Barcode...

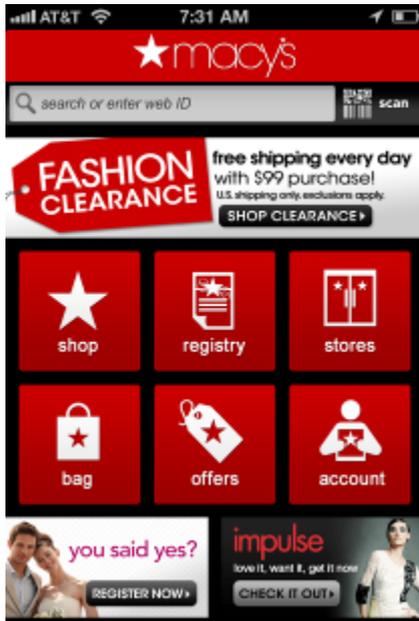
Dept: 382
L A H B
JEAN GREY/PINK ND60
Sizes: 6m
Width
Colors:
grey pink

Loc: 251
Fix: salon

\$ 345.00

7 49908 55641 6

2. Macy's banks on omni-channel retailing 1/2



Mobile application of Macy's

Macy's CEO Terry Lundgren has made omni-channel retailing his priority.

"We use new technologies to copy the online customer experience and offer customers new information and decision support services. The ultimate aim of our omni-channel strategy is to be able to offer customers privileged access and relations with Macy's at any time, in any place and in their preferred medium"

That said, faced with changing consumers and their buying behaviour, retailers are attempting to reinvent their stores. They are converging towards omni-channel retailing. This is, among others, to build bridges between experiences online and offline. How are these tools used in practice in an omni-channel retailing strategy? Each retailer has developed its own strategy, factoring in its sector and history. But they are not all threatened by showrooming to the same extent.

Macy's has adopted several approaches to transpose the online shopping experience to its stores, and vice versa. The web site has been redesigned, a click & collect service has been set up, a same-day delivery service is under consideration, the shoe department of the Herald Square store offers as many different items as the web site...

1/ The mobile at the heart of Macy's digital revolution

Macy's launched a new mobile app before the Christmas and New Year holidays. It now includes two essential functionalities in the omni-channel

direction that the brand takes: indoor positioning, and a barcode scanner to access product details (size, colour, availability, etc.).

Macy's wants to offer its customers a digital experience consistent with uses inherent to the web. And thanks to this new application, users number have increased by 19%. The success is such that internally Marketing Manager Martine Reardon likens the application to a "digital salesperson".

Macy's – mobile application



Macy's is also a partner of the [Shopkick](#) mobile loyalty app. It is also a good way of adding value for legacy customers by rewarding their in-store visits.[...]

2. Macy's banks on omni-channel retailing 2/2



At Coach, screens mounted on columns turn into mirrors

2/ The connected sales assistant

With a view to digitizing the point of sale, sales staff now have iPod Touch devices. Macy's will eventually use more than 250 iPod Touches in its Herald Square store.

Thanks to these iPod Touch devices the sales assistant can :

- get in-store stock availability details,
- check stock levels in other nearby Macy's stores,
- reserve shoes available in another store,
- send a photo of a pair of shoes to staff in the stockrooms to avoid any error,
- collect the customer's payment by credit card.

The ultimate aim is to improve customer service, because with the iPod Touch the sales assistant stays in contact with the customer throughout the path to purchase, as Sephora already does.

3/ The social networks

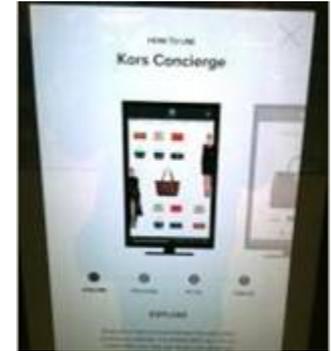
Macy's is very active on the social media. On Facebook, fans will be able to find out about the store's forthcoming events, the latest fashion trends, get special offers or take part in competitions. Facebook is used to stimulate the community of customers and bring them into the store.

4/ The virtualization of brand corners

Screens with a variety of functionalities are also omnipresent in the brand' corners :

- at Coach, screens mounted on columns turn into mirrors whenever a sales assistant swipes a sensor on the side of the screen. They thus have a dual communication function as well as a service function for lady customers trying on products.

- at Michael Kors, a screen lets users access the brand's collection and match up products. This screen acts like a fashion coach.



Michael Kors' Corner

Macy's is positioned on all channels, making sure that its customers can contact the brand at any time. Macy's strategy clearly enables it to become an effective omni-channel player engaged with its clientele. ■

It is against this backdrop that Macy's has just created the post of "chief omnichannel executive". This post is occupied by Robert Harrison, formerly Omni-channel VP since July 2012, who now sits on the management committee and reports directly to CEO Terry Lundgren. For Robert Harrison: "This is not about serving customers in each channel but rather about offering them the best experience at all times, regardless of how they engage with Macy's".

3.

Customer Experience is On The Move *But bricks-and-mortar is still everywhere*





The smartphone is at the heart of the store's digital ecosystem

"Thinking connected store means digitizing one's retail outlet so that it can be at the heart of a comprehensive and seamless selling process; it also now allows consumers to find everything they need nowadays in a bricks-and-mortar store (with online benefits like rapidity, opinions, expertise, service); and above all it means adopting a true philosophy".
Solange Derrey, Digital Planner

In October 2012, Osama Bedier, Google's vice-president in charge of mobile payments, stated that the mobile payment through [NFC](#) (Near Field Communication) market will only take off in three to five years. While this prediction seems highly plausible, what about the steady growth of the number of smartphones equipped with this technology and above all what benefits are there in the world of retail?

1/ NFC Store

The answer perhaps emerged in October, from the Casino supermarket in the Belles Feuilles shopping centre (Paris 16th district), which has fitted its 25,000 listed products with RFID tags in the various sections .

Customers with a NFC smartphone (or NFC shell for iPhones handed out at the store entrance) can take full advantage of this new customer experience.

Consumer just places his smartphone near the NFC label on a shelf to select a product, get further information and add it to his shopping cart. Customers can also receive special affinity offers. Furthermore, the virtual loyalty

card is already embedded in the mobile.

At checkout, customers hold their mobile in front of the NFC scanner. Their purchases are then automatically transferred to the cash register, where they can choose their methods of payment (NFC bank card, cash, etc.) and delivery. Their loyalty points are also credited to their account. Payment will not be available in the pilot store. By 2014 customers will also be able to pay with their mobiles at NFC compatible checkouts.

The Casino group is taking the initiative with the ambition of making shopping easier and a more enriching experience, offering time savings and easy shopping thanks to its omnichannel application "mCasino NFC" jointly developed with ThinkandGo (French start-up). It should be pointed out that Casino offers free Wifi to make the application easy to use. [...]

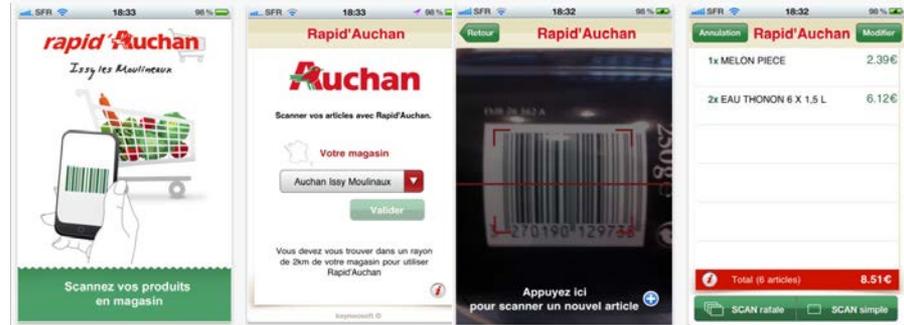


Another interesting initiative, this time based on the barcode, is Auchan's application at Issy les Moulineaux (France). When customers enter the store they scan a giant QR code that automatically connects them to Auchan's WiFi network and runs the application. Customers scan items as they go about their shopping. At checkout, they scan an end-of-transaction barcode that sends the basket to the cash register. Available for only 1 store, the application has nonetheless been downloaded 8,000 times in under a year.

This solution has also been deployed in the Carrefour Market store at Vannes (France) for roughly 1 month and St Pierre les Nemours.

Even if, according to a survey (Clic IQ 2012), 29% of smartphone users end up buying online rather than in the store they find themselves in when comparing products.

The position and response of these retail chains is clear : guarantee customization, the continuity of the shopping basket and a free-flowing of the customer experience from start to finish.



Rapid'Auchan mobile application from Keyneosoft

2/ Microgeolocation: the last meter of the customer relationship

While one of the marketing levers of a retail chain was to get customers to move through the store, this premise may well change in the era of real-time and omnipresent information! Solicited from all sides, and moreover well-informed, customers know what they have chosen and want only one thing : find it as quickly as possible while benefiting from the advice of a sales assistant that confirms their choice.

Microgeolocation is surely the ultimate solution; with a lightweight and inexpensive device and intelligent indoor Wifi

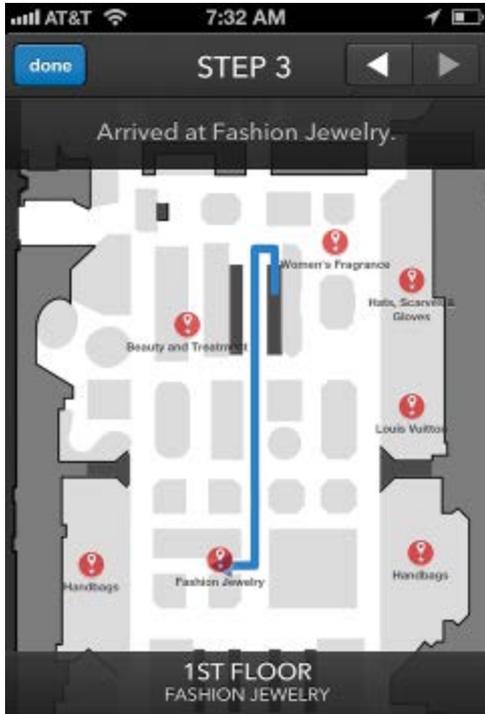
hotspots, customers can be tracked very accurately if they use the store's app that includes this system (opt in).

With microgeolocation, you can:

- get microgeolocated coupons,
- be guided through the store in real time,
- input your shopping list and get an optimized plan in real time,
- get information on products on nearby shelves,
- get personalized advice from sales assistants, who will be able to locate you.

Many retail chains are starting to roll out this service, such as Harrods, Tesco, Apple and Neiman Marcus. [...]

3. Customer Experience is On The Move 3/4



Macy's mobile application : indoor geolocalisation

By their initiatives, the last are really foreshadowing tomorrow's omni-channel customer relationship.

The NM service application, launched by Neiman Marcus, illustrates this very well. Location sensors are installed at strategic points in the store. If a customer using the application already downloaded on his smartphone, the sensors automatically prompt the application to act if the opt-in mode is activated. One can also automatically notify a sales assistant of the customer's presence.

The application offers the following functionalities:

- beforehand, prepare one's fittings in advance with one's regular sales assistant. It also gives the latest news on products in the local store (stock, sizes, etc.),
- in-store, declare one's presence simply by "checking in", which notifies the sales assistant of the presence of his customer.

The application then sends the sales assistant the customer's photo, purchasing history, and the wish list prepared on the web

and/or in-store and enables the sales assistant to find the customer in the store through microgeolocation.

This truly foreshadows the merging of different channels and the customer relationship of tomorrow : transparency and fluidity.

The other interesting case is that of Apple and its EasyPay app.

EasyPay thus allows iPhone owners to pay for their purchases in Apple Stores without checking out. All you need to do is run the App Store app then hold of the product you want to buy in a physical Apple Store and scan its barcode; this automatically adds it to your "shopping cart". Then you press the EasyPay button and a pop-up tells you how to proceed.

The fact sheet of the scanned product appears along with a technical description, users' reviews and its price. Furthermore, you can contact a sales assistant simply by checking in, and when the sales

assistant is free he suggest meeting you at a precise location: the app guides you to him through microgeolocation.

Then you just click the "Pay now" button and the payment is made with the EasyPay functionality. EasyPay links your payment to the credit card you registered on your iTunes account. You can then leave with the products you have purchased using EasyPay.

The in-store customer experience is thus extended to payment 'on the go' and leads us to redefine the design of points of sale that have been defined by lines of checkouts for a long time.

These two examples show that bricks-and-mortar stores are becoming as interactive and personalized as web sites, with an added human touch.

Indeed, in the years to come could we see sales assistants assigned mainly to in-store connected customers? [...]

It is worth noting that Google is currently offering to microgeolocate many retail chains (including mapping and microgeolocation tools).

Google should judge advisedly the possibility of reasserting its net tracking power 'in store' and thus becoming the ultimate omnichannel broker !

3/ Let the store go to the people

In South Korea, Tesco Homeplus has decided to bring the store to the people, in their everyday environment, while they are commuting, to enable them to do their shopping quickly without having to change their daily commute.

To that end, Tesco has put up 'virtual' shop windows throughout the metro (translucent wallpaper giving the impression of a showcase filled with supermarket products), transforming it onto an instant shopping location. While they are waiting, people (having the Tesco app) had the option of buying with their mobile by scanning product codes on the virtual wall and thereby receive

delivery 2 hours later (average buying basket of 10 items).

This idea has been taken up by Peapod in the USA, Delhaize in Belgium, Carrefour in Lyon (France) and Paris and Casino in Lyon, where the latter's customers can collect their purchases in the nearest Casino store or have them delivered within the next 2 hours.

A virtual store is an alternative to opening a new and costly bricks-and-mortar store that takes a long time to establish and takes up a lot of space. Nothing could be simpler than taking advantage of the digital revolution and offering consumers the possibility of avoiding queues in the supermarket.

Thierry Aouizerate, Marketing Manager of Casino France, confirms that *"our lifestyles and relationship with time are changing. We need to move towards our customers rather than wait from them to come to us. We want to be our customers partners on a day-to-day basis"*.

Commerce is thus becoming omnipresent, accessible from all

quarters and at all times through numerous points of entry, hence the interest of brands in reinventing their customers' experience.

Broadly speaking, technologies impregnate commerce, from pinpointing to acquisition. Transformations are initiated more by the new players who impose their model than by changes in the conventional distributive trades.

The success of e-commerce, with its own attributes, has not signed the death warrant of bricks-and-mortar retailing, which at the same time is enjoying renewed popularity thanks to local retail outlets (Monoprix, etc.).

As Fevad's(*) report explains, "tomorrow's consumers will not experience this dichotomy between online and in-store shopping. They will look on the bright side of e-commerce: easier searching, time savings, being able to order 24 hours a day, other customers' opinions... and the benefits of local stores, the human and physical dimension of which will continue to be of paramount importance" ■

Fevad : Federation of e-commerce and distance selling
<http://www.fevad.com>

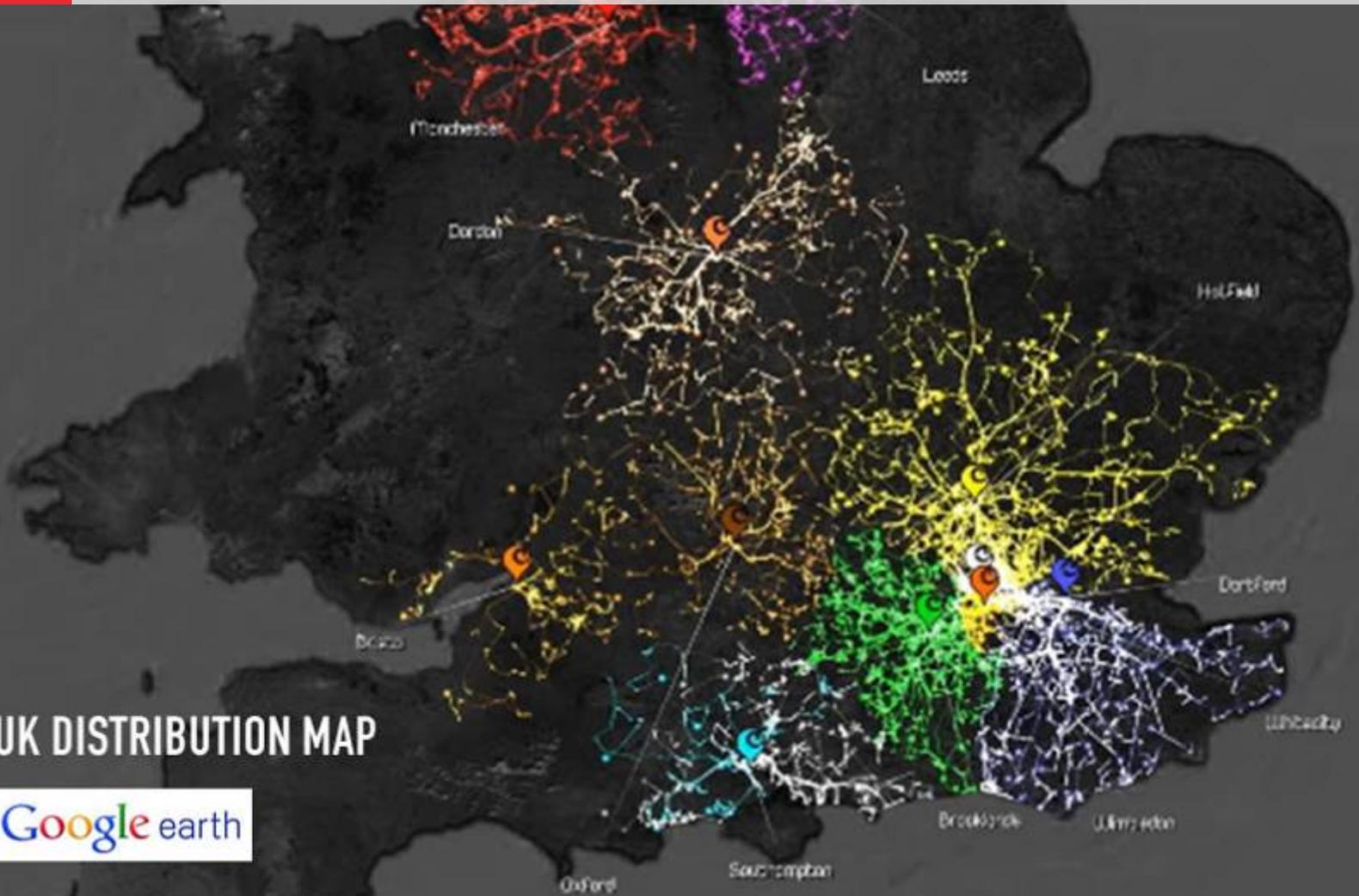


Virtual Wall

4.

Business case : Ocado stake on the cloud !

UK DISTRIBUTION MAP

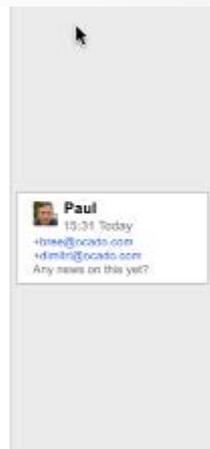


Ocado is the largest online grocery retailer based in the United Kingdom and addresses over 70% of British households.

It makes more than 150,000 deliveries per week. In order to maintain its competitive lead, the company has used Google's Cloud solutions for nearly 2 years to improve its supply chain, thereby offering one of the most efficient delivery services.

Internal Process at Ocado

Available in portions 500g - 5kg		
	Samples delivered	Awaiting final code
	Samples delivered	Ready to launch June
 Salmon farmed to the highest welfare standards with care for the environment.	Samples delivered	



Ocado's use of the Cloud manifests itself both to optimize:

1. Internal organization : optimized delivery schedules, better fleet management, responsiveness of the company's units to adjust marketing in real time...

Cross functionality and communication are favoured with the Google+ social network being used in all the company's departments. Project communities have even been created there. Ocado wishes to go even further by allowing everyone to create their own management chart to optimize their activity and performance indicators.

2. Management of its order processing centre

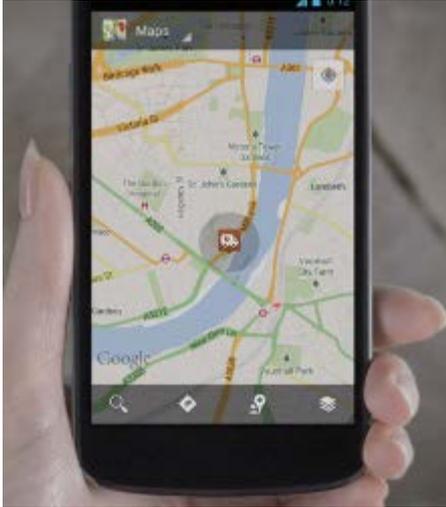
The warehouse has been partially automated to avoid staff carrying out certain repetitive tasks. There too the cloud has been used to optimize the computational power of these programmable logic controllers, which are very resource hungry.

Customer side, the "Where My Order" application will enable Ocado customers to check the progress of their order in real time, from the picking stage to tracking the delivery van on "Google Maps". With increasingly international ambitions, Ocado is considering the strategic move of transferring other parts of its production system to the cloud...

For Ocado, the key to success is innovating in its supply chain and information system to guarantee the customer optimal quality of service and stand out from "conventional" volume retailers like Tesco.

Currently, consumers' expectations are evolving more quickly than the information systems. The cloud model can meet these expectations by overhauling the organization of IT systems. It is becoming a driver of commercial and strategic agility. Furthermore the lightness of the infrastructures fosters better interaction between the company's various modules [...]

4. Business case : Ocado stakes on the cloud ! 2/2



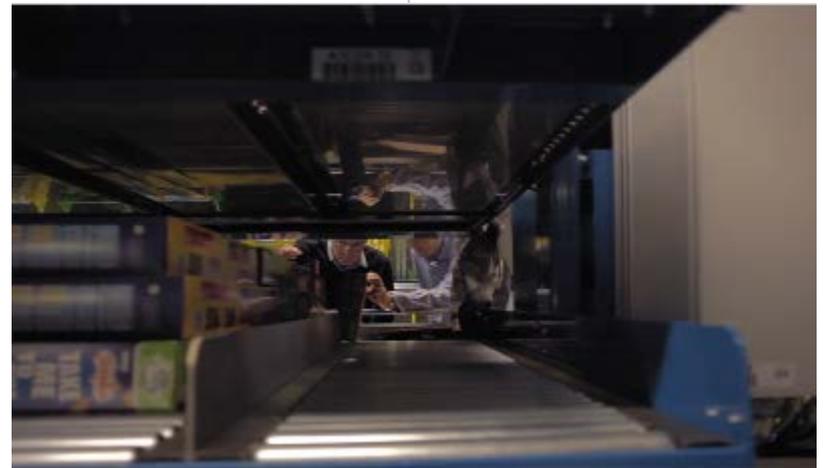
Viewing on the Google Map of the location of the delivery van Ocado.

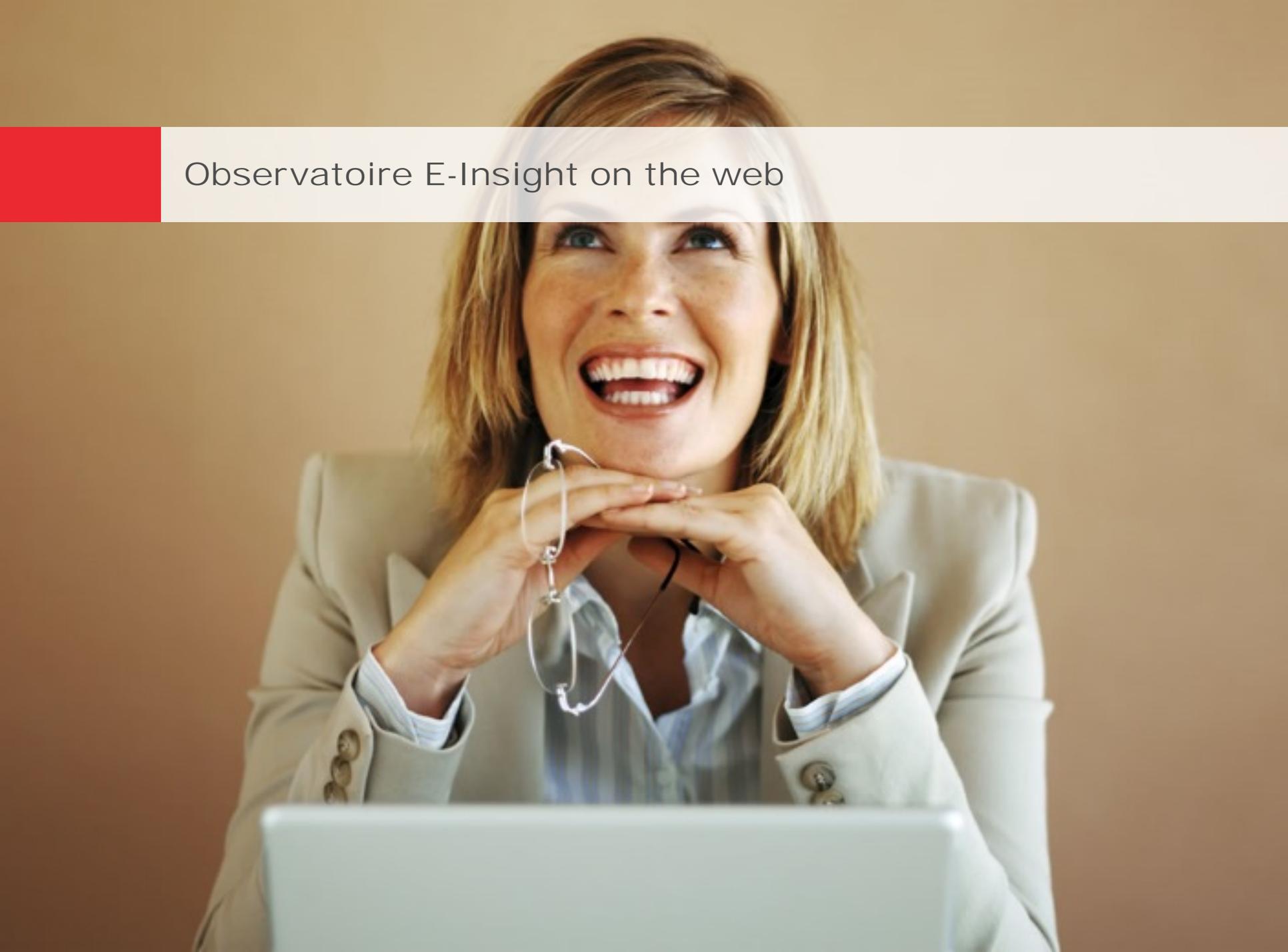
(CRM, Web, Mobile, Supply Chain), which favours an optimization of omni-channel strategies.

The real time notion is also important with regard to inventory management and logistics. Consumers are impatient and want to know with precision the availability of products and be able to track their orders or deliveries. How disappointing is it for instance to find out only a few hours before one's online shopping is delivered that one or more items are missing? There too, the "Where My Order" application can use the potential of the Cloud to offer a service meeting customer demands in this age of real-time marketing.

Against a backdrop of heterogeneous data collection points, the synchronization of services between media has become implicit, as the information is in the cloud, accessible everywhere, at all times... To develop their omni-channel strategy, traditional volume retailers will have to adopt the IT tools of online retailers. ■

View warehouses



A woman with blonde hair, wearing a light-colored blazer over a white shirt, is sitting at a laptop. She is smiling broadly, showing her teeth, and has her hands clasped together in front of her chin. She is holding a pair of glasses by the temples. The background is a plain, light-colored wall. A red vertical bar is on the left side of the image, and a white horizontal bar is at the top, containing the text.

Observatoire E-Insight on the web

<http://insight.echangeur360.com>

If you want an free
access codes,
please call : Nicolas Rousseau
nrousseau@echangeur.fr
or +33 (0)1 44 54 41 64

Direct link by clicking the image



A technologic and marketing innovation watch platform applied to customer relationship management

- **Seminars and events on demand** : **meet the visible and concrete consumption trends, latest technological innovations to facilitate future strategies.** Enrich your seminar program and corporate event thanks to the intervention of our consumer studies and technologies experts.
Where ? In our **show-rooms** or in your premises, our "Ephemeral Echangeur" formula to animate your conventions (employees and clients), general assemblies, seminars. (English & French speaking Experts)
- **Study tour** : each year, Echangeur covers the New-York Retail's Big show by NRF. Join us mid January to get the best of the selected new tech exhibitors and visit the most amazing concept stores in Big Apple. A "Paris Tech Tour" is also organised in October around customer experience and technology.
- **E-INSIGHT** : **Observatory of new technologies and their uses.** E-Insight observes and identifies the key technological breakthroughs more likely to develop new uses in customer relationship. The Observatory provides a 360° vision and crosses emerging technology trends and their application marketing (**France and International**).
- **Customer behaviour observatory** : **"Access Panel LaSer"** is a base of information about the behavior of 12.000 French households which is renewed every year **for 13 years**. A tool placing the financial bodies, retailers and digital players to the heart of Echangeur's support. Added value : Panoramic vision, Qualified homes, Tool of calibration, New targets, Analyses of transfer, Accessible database, Exclusive file, Digital activity...
- **Workshop** : Echangeur Expertise to help you in your strategic and marketing reflections on specific work sessions.

Rédaction :

Guillaume Rio
Head of Techno Trends
+33 (0)1 44 54 47 31
grio@echangeur.fr
@Guillaume_rio

Nicolas Diacono
Techno Trends
+33 (0)1 44 54 69 53
ndiacono@echangeur.fr
@nicolasdiacono

Elisabeth Menant
Techno Trends
+33 (0)1 44 54 41 25
emenant@echangeur.fr
@AllezVistA

Nicolas Rousseau

Commercial Development
+33 (0)1 44 54 49 63
+33 (0)6 30 92 94 95
nrousseau@echangeur.fr

www.echangeur.fr

Echangeur head office: 18 rue de Londres, 75009 Paris

Information: +33 (0)1 44 54 45 23

info@echangeur.fr

twitter.com/echangeur

ECHANGEUR

by  LaSer