The future of wireless retail

Just as retailers have responded to customers’ needs for better services and accessibility by establishing Web sites, consumers are changing the rules again, demanding access to services through wireless, mobile devices. Retailers can adopt this technology to gain and maintain leadership position by developing a dynamic, open and scaleable strategy.

Today's time-constrained customers demand value-added services with speed and accessibility. They require consistent support for those services and want them available in innovative ways. This customer-centric environment has retailers scrambling to maintain their foothold on the increasingly shaky landscape of commerce. As a result of this environment of demanding customers, retailers established Web sites -- first for a general presence, then for commerce and now for everything from inventory management to employee services.

However, just when retailers have adjusted to living in a multichannel world, a new revolution has the capability to change everything -- again. Wireless, mobile devices are the next generation of retail, and customers are readily adapting to this technology. The expansion of wireless transmission from voice to data is creating new business opportunities for all organizations, and retail is no exception. McDonald's is already piloting wireless payment systems.1 Tricon, owner of KFC, Taco Bell and Pizza Hut is testing a wireless payment network where customers can pay for their food by waving mobile phones near a specially equipped cash register.2

Mobile business is a natural evolution of e-business and is changing the landscape from wired computing to pervasive, mobile and wireless applications, solutions, services and devices. By 2004, there will be 130 million mobile customers engaging in mobile e-commerce. It is predicted these users will be generating almost 14 billion transactions, yielding $200 billion in revenue, with over 75 percent coming from Western Europe and the United States.3

By 2004, half of all Europeans will be able to access the Internet via mobile devices, moving the mobile e-commerce market from information-provisioning services to industry-specific and transaction-based services.4 At that same time, in the U.S., the number of net-enabled phone owners will also represent about 50 percent of the population.5
Examples exist today of companies that are leading the way. Safeway has rolled out a wireless solution that makes shopping easier than ever. Select customers use innovative handheld devices to scan goods as they are used at home, automatically adding them to their “cyber-shopping” list.

Penn State Mont Alto Students created an online store that can be accessed by students using their personal digital assistants (PDAs). United Airlines (UA) travelers can now book their own reservations by downloading the UA reservation system onto their handheld devices. Other airlines will have to consider whether offering perks, such as limousine service or in-flight massage is of more value to their business customers than the ability to make reservations almost any time and any place. Operational efficiency is another component of the wireless world of opportunity. Taking advantage of this evolution means added benefits for retailers.

Extending e-business through the use of wireless devices drives business value and ultimately increases shareholder return on investment. Office Depot has armed its drivers with handheld wireless computers with signature-capture software. The result: Office Depot can bill customers at Web speed, instead of shoving invoices through inter-office mail. In Japan, vending machine operators have achieved significant operational efficiency by having the machines take their own inventory, relay their needs to an inventory management system which, in turn, communicates to a route mapping system for drivers whose routes are changed daily according to which machines need to be serviced.

Another critical component of satisfying customer demand is a retailer’s inventory in-stock position. Vertical retailers like Gap, Inc. and Ann Taylor rely on their designers, buyers, manufacturers and logistics partners to work in perfect harmony to ensure their merchandise is on the shelves exactly as planned to meet their product lifecycle targets. When any of those channels miss their mark, everything else is in jeopardy. The world of wireless technology now allows for a closer relationship between retailers and their suppliers.

Today, companies have the ability to communicate data directly with each other, cutting out the middleman and dramatically shortening lead times. Personal computer-supported technology allows designers to send “virtual” fabric swatches and design templates, with factories returning patterns that can be printed, cut and pieced on site. After the merchandise is in stores, selling trends are rapidly communicated back to distributors, allowing smaller, quicker shipments with customized merchandise assortments via air cargo. Payments can then be made electronically, thereby ensuring product is shipped as soon as it is packed.

Once lacking in resources and hard-wired system infrastructures, China is among the countries at the forefront in the use of mobile technology, and in just a few years could be one of the world leaders in wireless infrastructure. It will be uniquely positioned to send and receive information through wireless devices on the factory floor, at the loading dock and at the port of entry.
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So why isn't everyone fighting to be on the forefront of the wireless revolution? Challenges exist today with the resistance of the middlemen and the retailers' support of necessary technology. Not only must companies work through these implementation investments and challenges with their suppliers, but also with themselves. Fear exists in developing the wrong solution or even one that is not fluid across vendor channels. Many retailers do not have the management resources to fully understand wireless technology, and even if they do, they often don't have the senior leadership support and direction for these endeavors. Companies must work to establish long-term goals and implementation metrics with flexibility and speed in mind. With an early buy-in from senior management, design/solution teams must then keep their solutions simple and customized, while being sensitive to device limitations and aware of location differentiation.

They must also hone their partnership skills, creating alliances wherever possible to limit investments and reap additional rewards. E-marketplaces such as the WorldWide Retail Exchange (WWRE) make it possible for retailers to build alliances with each other and their suppliers, leveraging their collective strength to help reduce costs, increase efficiencies and improve their value propositions. By using established third-party technology to ease investment cost, while enabling direct communications with their supplies, retailers will free up internal financial resources necessary to improve their profit models.

Just as there is no one wireless device, there is no one immediate solution. Big bangs don't work, and retailers can't do everything at once. However, those that develop a dynamic, open and scaleable strategy have the greatest chance of gaining and maintaining their leadership position.

References

3. Ibid.