AMERICAN MARKETER

Business at its best

Still stuck on selling first-generation retail

January 26, 2012

By Gary Schwartz

This past week the old Jacob K. Javits Center in New York hosted retail folk from across the country and overseas. It seemed as if every vendor was hawking technology solutions to help retailers track product lifecycle from factory to sale.

This is a wonderful efficiency goal. Booth after booth showed space-age integration of serialized data from RFID tags embedded into product tags with business information from backend systems. Track a sweater from factory to show room to purchase and possibly customer return. Allow retailer micro-visibility into order status and inventory.

But the vendors are missing the full story. It was as if they ended the story mid-pitch.

The industry is still selling first-generation retail where the new frontier is Retail 2.0.

Dial up

Using the new Near Field Communication (NFC) enabled phones that are entering the market this year, the shopper can be as active as the mechanizing clerk.

Using the phone as a personal reader, the store can allow the shopper to navigate products, clientele and close the cross-channel disconnect that is evading most store executives.

Retailers need to stop broadcasting to the shopper, allow them to participate. Retail 2.0 is about opening up the stores' business information to the consumer.

The Amazon cloud abruptly entered the mall this holiday season rudely disrupting retail sales. Shoppers have increasingly begun to rely on their phones to price compare and investigate product information.

Book, electronic, apparel and footwear stores are all working on strategies to become more relevant to this digital consumer.

Gone are the days when the consumer relied on the sales clerk for information. In most stores the "blue shirt" has inferior access to technology than the average iPhone-swaggering shopper.

IPad clienteling that we saw at the Epicor and GlobalBay booths is all the rage. And this does solve some of the retailer's problems.

However, how can we intercept lone-wolf shoppers before they are poached by an Amazon through the PriceCheck App or soon-to-come Kindle Fire 4G devices that are designed to be in-store mobile commerce tools, or what Amazon calls "pro-consumer" solutions.

What to do?

Signal efforts

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RFID, or Radio Frequency Identification and standards-based serialization, emerged in the late 1990s. Walmart has been the main driver of this technology.

Walmart wanted a system to track individual jeans through to jelly. It worked to establish Electronic Product Code Information Services specification in 2007 and began to mandates its suppliers to attach serialized RFID smart tags to each product.

Walmart "Smart tags" enable it to see the movement of products through the supply chain, from their own distribution center into the back rooms at the individual retail outlets, onto the shelves and into the baskets.

"Smart tags" allowed for better replenishment decisions, inventories decisions down product (Acme Black XL sweater) and then deeper to the individual item (Acme Black XL sweater number 457988).

But RFID smart tag solution has wider applicability. Various industries champion RFID solutions.

For example, retailers chase RFID solutions to track and trace products. Law enforcement uses RFID to detect and prevent counterfeiting. And the banking industry looks at RFID, coupled with NFC, to design digital wallets.

However, one shopper application cuts across all these enterprise solutions. The new NFC-enabled phone can be used to explore information on the product, track and trace; verify that a Prada bag is authentic to stave off counterfeiting; and receive an offer on the product in the wallet.

If retailers design their backroom inventory systems to allow for shopper-side access, every product with a serialized RFID tag would allow for this smart shopping experience.

By shoppers simply tapping the tag with their phone could open a browser window to product information, product authenticity validation, and the all-important wish list and CRM engagement.

This is without downloading an application, QR code reader or even texting.

In a world where the retailer needs to count clicks to commerce, using existing merchandizing solutions allows for simple shopper engagement and the ability to drive path-to-purchase without clustering the aisle with dangling shelf talkers.

CHIEF INFORMATION officers and chief marketing officers need to get into the same room a work out a strategy to hand off from enterprise to shopper marketing.

Using the Electronic Product Code specification the retailer can both track and trace products within and beyond enterprise boundaries.

The CIO is developing a data repository to store events associated with uniquely identified products and associated business information. Let the shopper into this repository. Give shoppers access to explore information on the product at the tap of their phone.

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