



WHITE PAPER

USING DATA CAPTURE TECHNOLOGY TO OPTIMISE THE CUSTOMER EXPERIENCE.

OPTIMISING CUSTOMER EXPERIENCES AT POS

UK retailers could be losing billions as a result of poor customer service. We take a look at the common challenges and how to preserve positive experiences at Point of Sale.

According to a 2019 survey, 42% of consumers were deemed to be “frustrated” with their most recent shopping experience.¹ Worryingly for retailers, nearly half of those said they would avoid doing future business with the retailer or brand. As customers, it seems we have little to no tolerance for poor customer experience and with significant penalties for brands that disappoint, the stakes for retailers are incredibly high. In fact, estimates indicate that UK retailers could be missing out on up to £5.4 billion in revenue as a result of poor customer service².

While first impressions count when it comes to attracting a customer into store and encouraging them to browse, last impressions have an enduring effect. In our experience, a customer’s encounter at the point of sale has an overriding impact on loyalty and an individual’s propensity to return to a store in future. It sounds simple yet the point of sale (POS), like many elements of IT infrastructure, has become progressively complex in recent years.

In this White Paper we reveal a few of the most common challenges that our customers have faced, or are facing, at the point of sale and explore how data capture technology can alleviate these pressure points to preserve positive customer experiences.

MEMBERSHIP, LOYALTY & REWARDS

In the creases of your wallet, on your bunch of car keys and, more commonly today, among the apps on your smartphone, lies evidence of your favourite brands. As humans we have an innate desire to belong. Perhaps that's why the average consumer belongs to no less than 14 loyalty schemes³ and why this year, Tesco will celebrate the 25th anniversary its Clubcard programme, which ignited the loyalty market when it launched back in 1995.

In a highly competitive and changeable environment, retailers have leveraged these schemes to maintain customer loyalty and have developed mechanisms to offer personalised promotions that seek to inflate average transaction values and, or, increase the frequency of return visits.

In the last two to three years we have observed many retailers digitise their physical cards, allowing customers to collect points and redeem rewards by scanning their smartphones in store. A number of third-party applications have also emerged, offering customers the possibility to collate all of their physical cards into a single app. One such app, Stocard, offers the ability to "unclutter your wallet by scanning the code on your plastic cards from Nectar, Tesco and Boots within seconds". So far over 45 million people have taken them up on the offer.

The constant evolution of the competitive landscape is making a paradigm shift in loyalty schemes increasingly necessary. Shopping is becoming a binary experience, meaning that many of the products that consumers purchase can be bought from a multitude of different vendors. With a mobile phone in the hand of nearly every consumer, access to product information, reviews and price comparisons is readily available.

What are the biggest obstacles?

The most significant challenge frequently faced by retailers is that third party apps create the false expectation that all the vendors with whom you hold plastic cards, will be able to scan the digital version you've created via the app in-store, but the reality is often sadly very different. The problems occur most frequently at retail outlets with older bar code scanners, which use laser technology to decode. These are simply physically incapable of scanning any bar code from any smartphone.

This has led to some retailers, who have not yet digitised their own loyalty schemes within a mobile app, being inadvertently and unwittingly caught out. Failure to scan these apps causes enormous dissatisfaction for the customer and embarrassment for the retailer as unnecessary queuing ensues and customers are left with anything but satisfaction or the sense of belonging that we crave from these loyalty programmes. In addition, as more loyalty schemes move to digital mediums, there is a growing and genuine anxiety for customers about handing their smartphone to checkout assistants. Not to mention the concern and potential liability implications for the retailer themselves.





What is the solution?

This challenge is a relatively easy one for retailers to fix and as 2D scanning has become more widely adopted globally, the benefits of implementing image-based bar code scanning technology, that is capable of reading codes from a smartphone screen, far outweighs the investment. Adding new scanning technology typically involves absolutely no change to the POS system. In most cases, it is just a case of swapping out the hardware. Upgrading the scanner also provides myriad additional benefits to the retailer, such as improving the speed and productivity of scanning merchandise at the POS.

Customer facing scanners are becoming increasingly popular options for many of our customers. In 2019 Waitrose and Partners deployed Datalogic Gryphon GFS4400 customer facing scanners at checkouts across the UK. The 2D scanner provides an excellent hybrid solution to give control to customers while minimising disruption to the existing point of sale infrastructure.

With the help of a customised mounting solution from Ergonomic Solutions, the compact customer facing scanner is securely installed just under the pin entry device (PED) at each of Waitrose's manned checkouts nationwide and enables customers to take control of the scanning process. Instead of having to hand over their phone at the check-out, the customer can use the scanner to scan their MyWaitrose card or redeem vouchers and coupons, mitigating the risk of parting with their smartphone. Waitrose are not the only retailer to have installed Datalogic GFS scanners and we have observed that solutions like this provide the opportunity to significantly speed up the checkout process, as apps or paper coupons can be scanned concurrently alongside items in the customers trolley or basket. This solution has since been utilized by two major UK supermarket chains.

DIY CHECKOUT

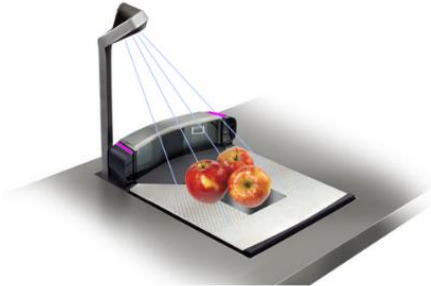
From supermarkets to convenience stores, the post office and even restaurants, self-checkout systems have become a permanent fixture on UK high streets with an estimated 50,000 installed across the nation. By 2024, the market size for the DIY point of sale concept is expected to reach \$4 billion⁴. Which is no great surprise when 63% of consumers state that they prefer self-service over service. Studies also indicate that as consumers, we perceive value from taking control of the transaction and this sense of increased control can lead to greater customer satisfaction and increased customer loyalty⁵.

What are the common challenges?

Despite the growing majority of customers choosing self-service technology, it's clear that there is still room for improvement. Almost three-quarters say difficulty in entering goods and frequent need for overrides are signaled as the biggest concerns for shoppers⁶ and nearly all consumers (89%) say they desire self-checkout machines that can automatically identify items. In addition to the aforementioned improvements from a customer experience perspective, the other significant challenge for retailers that operate self-checkout systems is tackling theft or shrinkage. One in four Britons admits having stolen something using self-service at a supermarket; 62% justifying the action because the item wouldn't scan or register and a further 11% saying they didn't realise the item hadn't scanned at the time⁷.

How can you address these problems?

Image capture technology has a meaningful role to play in streamlining the checkout experience. Produce identification is one Datalogic innovation undergoing trials with selected partners and adds a powerful new capability allowing existing Magellan 9800i scanners to be augmented with a combination of fast, accurate image-capture and machine learning to identify items.



To accomplish this, Datalogic has built upon the successful form-factor of the Magellan 9800i's top-down-reader, mounting a colour imager which has an excellent view of the platter. This is paired with specially designed illumination to ensure that produce is evenly lit. Images are fed to an advanced machine learning algorithm utilising a processing engine that is tailored to the task. The algorithm identifies the items and returns a recommendation. Customers can then easily pick the correct item from the short list

With regard to profit protection, ScanSentry is a solution designed by Datalogic to reduce shrinkage at the self-checkout by harnessing the imaging power of Magellan scanners to detect unscanned items. Produce is scanned as usual but if an item is passed through the scanning area without a barcode being read, the software notifies the retailer and an external security camera provides images of the unscanned item.

As well as enabling retailers to reduce shrinkage, the system can also streamline the checkout and helps avoid any unnecessary embarrassment for customers caused by not realising an item had failed to scan. The images can be sent to any desired location including the self-checkout display to immediately notify the customer of a missed scan, a self-checkout supervisor to make an immediate correction, or to a back-room security system for logging. This flexibility allows retailers to employ a variety of strategies, they can choose to simply gather data discreetly or take immediate action to help customers avoid awkward situations and prevent theft.

GOODBYE POINT OF SALE, HELLO POINTS OF INTERACTION

There's no denying that the role of the physical store is still changing and retailers across all sub-sectors need to prepare themselves for further evolution at the start of this new decade. In the last 12 months a number of top brands have dipped their toe into the water of 'experiential retail' including John Lewis, Sephora and Adidas. As this concept continues to gather pace, it is causing a natural evaluation of the traditional point of sale.

With long queues and lengthy checkout processes thought to be one of the top causes of basket abandonment in bricks and mortar stores, moving away from a fixed checkout could be a positive move for some retailers, especially in smaller stores where locating a member of staff doesn't involve a wide scale man hunt. The wider adoption and enablement of cashless payments methods is also driving demand for mobile checkouts which focus more on customer interactions.



What are the challenges?

In our experience the challenge for most of our customers is not about how to deploy mobile checkouts, it's about ensuring that the technology selected is fit for purpose. The temptation to opt for consumer devices such as iPhones or consumer tablets is still very prevalent, however these devices often don't withstand the everyday rigours of high-volume use and are prone to being damaged in action. This can leave devices out of action for sustained periods of time and can culminate in expensive repair or replacement costs.

Most consumer devices also don't offer the level of scanning functionality, accuracy or read rates of their industrial cousins. A failure to perform on the spot could well mean having to take a customer to a fixture payment point anyway, resulting in a rather underwhelming experience.

What is the solution?

The rugged mobile computing market has responded to these challenges in the retail sector with a robust range of Android based devices. These handheld mobile computers combine the familiar and intuitive user experience of a consumer device, with enterprise class bar code scanning functionality, superior processing power and extended battery life, to support the use of business-critical applications across a full shift.

One UK based footwear retailer is already using Datalogic's Android based rugged PDAs to enable mobile checkout in its stores. Instead of having to check if a size is available in the store room, associates can check availability and process payment without leaving the customer's side, while another colleague manning the stock room retrieves the item. This process dramatically reduces the time to process each order, offering customers a seamless shopping experience and allowing the retailer to increase operational efficiency within each of their stores.

In the case of this customer and many like them, the devices they utilise in store are also suitable to be deployed in their warehouse and wider supply chain operations. This can deliver real advantages. By deploying a single device across the organisation IT teams can focus on providing support to a single device, rather than having to tackle the time intensive challenges of managing a mixed estate of varying ages, operating systems and even manufacturers.

SUMMARY

With the stakes so high, the constantly evolving customer experience challenge is one that retailers are going to have to prioritise heavily and stay on top of in the coming months and years. Working with a partner that can help identify the potential areas for short, medium- and long-term improvement is key to overcoming the possible risks.

There's no doubt that technology has a feature role to play. Data capture solutions, including Datalogic's own point of sale barcode scanners and mobile computers are a vital enabler to not only capturing customer data but also providing enhanced levels of service and diverse experiences that will encourage customers to come back time and time again.

We believe innovative payment solutions including self-checkout will be key to future success, as retailers strive to close the gap between in-store and online experiences and redefine the meaning of loyalty. What all of these solutions look like and how they will evolve to deliver evermore frictionless, even automated experiences is a very exciting prospect and one that Datalogic is proud to continue innovating for.



- 1 – Accenture - <https://www.businesswire.com/news/home/20191217005699/en/Frustrated-Consumers-Times-Satisfied-Consumers-Avoid-Buying/>
- 2 – Westfield – How we shop report - <https://uk.westfield.com/how-we-shop-now>
- 3 - Bond - https://cdn2.hubspot.net/hubfs/352767/TLR%202019/Bond_US%20TLR19%20Exec%20Summary%20Launch%20Edition.pdf
- 4 – Global market insights <https://www.gminsights.com/pressrelease/self-checkout-system-market>
- 5 - Self- Checkout: A global consumer perspective – NCR
- 6 – Shekel Brainweigh Self-Checkout Survey, 2020
- 7 – Retail Times - <https://www.retailtimes.co.uk/3-2bn-worth-items-stolen-self-service-checkouts-annually-poll-shows/>

FEATURED PRODUCTS

Joya Touch A6

- Multi-purpose device: handheld or pistol-grip options
- Field upgradeable to Android 7.1 Nougat
- Wireless charging with 'Boost Mode' and versatile locking 3 bay cradle
- Datalogic SoftSpot technology for innovative triggering through touch display
- 4.3 inch FWVGA and QVGA display
- Vibration alert for notifications
- Advanced 2D imaging technology
- Datalogic's patented 'Green Spot' technology for visual good-read feedback



Memor 10

- 5" Full touch PDA with Android 8.1 (Oreo) and GMS,
- 2D area imaging technology
- Part of Google's "Android Enterprise Recommended" programme
- Wireless charging technology and hot swappable batteries
- Datalogic's patented 'Green Spot' technology for visual good-read feedback



Gryphon Series scanners

- Top reading performance on 1D and 2D barcodes
- Image capture and document scanning capabilities
- Ability to scan from a smartphone screen
- Datalogic's patented 'Green Spot' technology for good read feedback
- Suitable for both handheld and presentation scanning



Gryphon GFS4400 2D

- Highly visible 4-Dot aimer with centre cross for targeted scanning
- Omnidirectional reading
- Advanced motion tolerance optics
- Image capture and document scanning capabilities
- Reads 1D, 2D and postal codes plus stacked and composite codes



Datalogic Group

Datalogic is a global leader in the automatic data capture and process automation markets, specializing in the design and production of bar code readers, mobile computers, sensors for detection, measurement and safety, RFID vision, and laser marking systems. Datalogic solutions help increase the efficiency and quality of processes in the retail, manufacturing, transportation and logistics, and healthcare industries along the entire value chain.

The world's leading players in these industries use Datalogic products, certain of the attention to the customer and of the quality of the products that the Group has been offering for 47 years. Today Datalogic Group, headquartered in Bologna (Italy), employs approximately 3,200 staff worldwide, distributed in 28 countries, with manufacturing and repair facilities in the U.S.A, Brazil, Italy, Slovakia, Hungary, Vietnam, China, and Australia. In 2018, Datalogic had a turnover of 631 million Euros and invested over 61,9 million Euros in research and development, with an asset of more than 1,200 patents in multiple jurisdictions.

Datalogic S.p.A. is listed in the STAR segment of the Italian Stock Exchange since 2001 as DAL.MI. Find more information about Datalogic at www.datalogic.com.

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