



Elevating The In-Store Experience: Why The Network Matters

A framework to help retailers bridge the gap between vision and reality

Irrespective of which version of the future of the store you subscribe to, it's clear that digital and data will power the store and transform the customer experience and store operations. While retailers understand most elements of this evolution, they often overlook a critical element - the store network. As more digital technology and data flows through the store, the importance of having a strong network will only rise. A failure of the network will result in a failure of the customer experience.

The Future of the Store

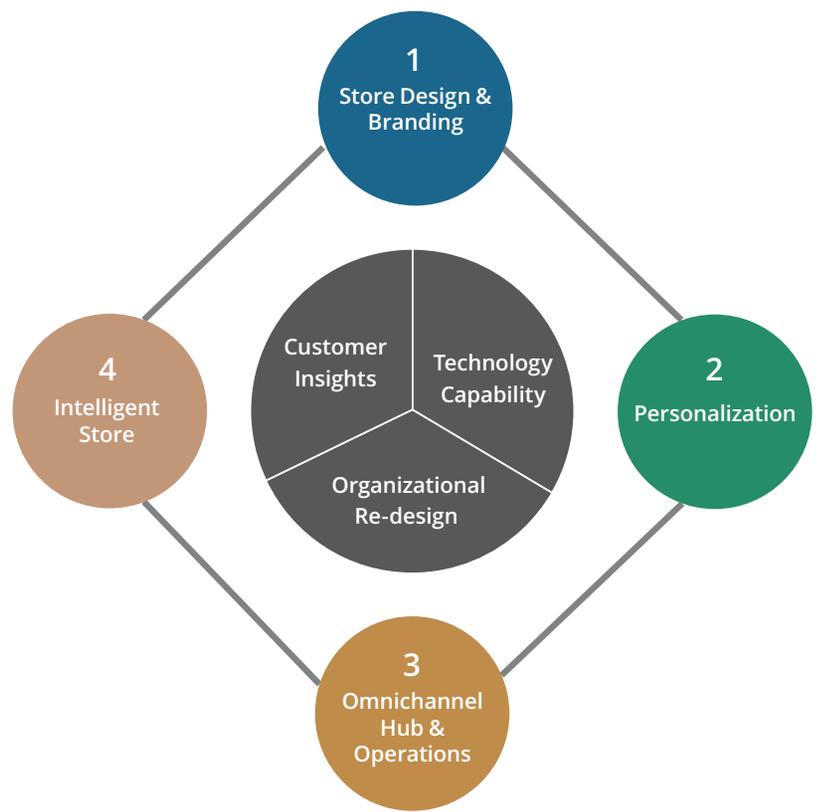
A Hub of Omnichannel Customer Engagement

Consumers don't care about channels or what goes into executing ship-from-store; they want a frictionless customer experience. The role of the store will need to evolve to remain relevant in a constantly changing environment, attract customers' loyalty and a larger share of wallet. It will evolve from being a destination of commerce to being a hub of Omnichannel customer engagement.

To be clear, this isn't a store of the future, one that involves putting all kinds of bells and whistles in the store with little understanding of how real customers would react and adopt technology. This is about building the store experience customer-first where technology and information empower and enhance, not dehumanize, the store experience.

EKN's Store Transformation Framework highlights 4 key areas around which the role of brick-and-mortar stores will evolve in the new age retail environment.

EKN's Store Transformation Framework Overview (4 Key Areas)



Stores are the First Frontier

Stores account for

90%



of revenue; 22% is influenced by digital channels

80%+



Millennials prefer to research online but buy in store

Sources: RIS Customer Engagement Study, 2015, EKN US Millennials Shopping Preferences Survey, 2014



1. Store Design & Branding

Technology Investment: Low-Medium; Data Growth: Low-Medium

Impact Areas: Customer Experience (High) | Associate Effectiveness (Medium) | Store Operations (Medium)

Stores as large, soulless, cookie cutter stock rooms and showrooms will give way to more immersive experiences as the physicality of the store converges with the digital experiences it enables through technologies such as mobile, NFC, iBeacon and Internet of Things. Retailers will experiment with new formats such as flagship and pop-up stores. Stores in general will be smaller, have a personality and will allocate more space for Omnichannel fulfillment.



2. Personalization (Relevance + Trust)

Technology Investment: Low-Medium; Data Growth: Medium

Impact Areas: Customer Experience (High) | Associate Effectiveness (High) | Store Operations (Low)

Consumers display a rich digital body language and expect retailers to understand their cues, and deliver a personalized and localized retail experience. Personalization needs to move from the realm of the digital to the store, and requires retailers to empower their store associates to augment the store experience.



3. Omnichannel Hub & Operations

Technology Investment: Medium-High; Data Growth: High

Impact Areas: Customer Experience (High) | Associate Effectiveness (High) | Store Operations (Low)

For stores to be the central nervous system of a brick-and-mortar retailer, an integrated view of item, customer and order data is required. This extends to making processes and store operations more repeatable and automated in alignment with the operational fabric of a true channel-agnostic experience (e.g. fulfillment).



4. Intelligent Store

Technology Investment: High; Data Growth: High

Impact Areas: Customer Experience (Low-Medium) | Associate Effectiveness (Medium) | Store Operations (High)

With new technologies such as iBeacons, NFC, touchscreens, Internet of Things (IoT) and the power of Big Data, lines will quickly blur between what is store technology vs. what is the store itself. The store will evolve into a sensing, feeling organism that will be able to make decisions to improve its performance. We see this as a strategic, blue-sky but slow-moving area of transformation.

50%



of retailers allow store associate to check-out a customer via their mobile devices

More than

4 in 5



retailers believe they must have a unified personalization strategy; only 1 in 4 have one

84%



of retailers will increase the number of online orders fulfilled from stores over the next 12 months

33%

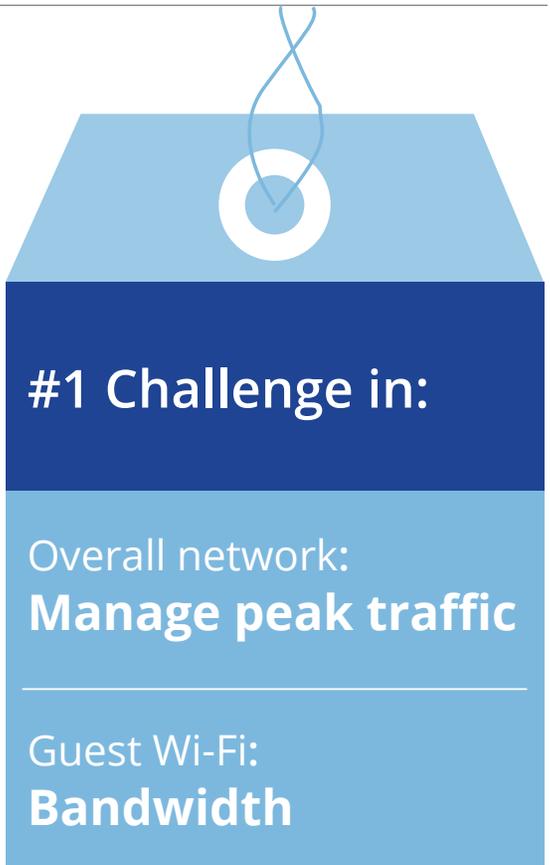


of retailers will deploy in-store customer location tracking tools in the next 24 months

The Iceberg We Forget

To make the transformation across all the elements described above requires the gulf between stores and digital to be bridged. This means building systems and processes that are Omnichannel and putting in place an organization design (incentive structures, organization structure) that supports a customer-centric view of retail. Most retailers get it, have line of sight and an understanding of how difficult it is to execute on most of these issues.

| Issues | Line of Sight | Execution |
|---------------------|---------------|-----------|
| Organization Design | High | Hard |
| Process | High | Hard |
| Integration | High | Medium |
| Architecture | Medium | Hard |
| Network | Low | Medium |



Sources : EKN-Hughes Store Network Business Impact Survey, 2015

Retailers have poor line of sight into their networks until they fail, and they will fail gloriously if we continue to increase the amount of technology and the data that flows into stores without improving the underlying network. A poor network can significantly add friction to the in-store customer experience, be it long lines at the point of sale (POS), a shoddy and frustrating guest Wi-Fi, or store associates struggling to get accurate inventory/order information. As you build the roadmap to the connected Omnichannel store, it is critical to understand what core bandwidth and network you need. As unsexy as it may be, a high performance store network is the backbone of a richer in-store experience.

Network Capability: Business Value Impact Areas

Customer Experience



70%

of retailers plan to offer guest Wi-Fi in the next 12 months



5 Mbps

is the average bandwidth retailers need for customer Wi-Fi; the current industry average is 3 Mbps



Less than 20%

of retailers can deliver real-time personalized offers



70%

of retailers plan to have an in-store mode for their consumer mobile app in the next 24 months

Associate Effectiveness



80%

of retailers will enable their store associates to manage workload/schedules on their mobile devices in the next 12 months



70%

of retailers will enable their store associates to take training courses on their mobile devices in the next 12 months



50%

of retailers will enable their store associates to make video calls on their mobile devices in the next 12 months

Store Operations



5 Mbps

is the average store connectivity that retailers want



13%

improvement in data-retrieval time, on average, upon upgrading the store-network



RFID, Endless Aisle & Beacons are the



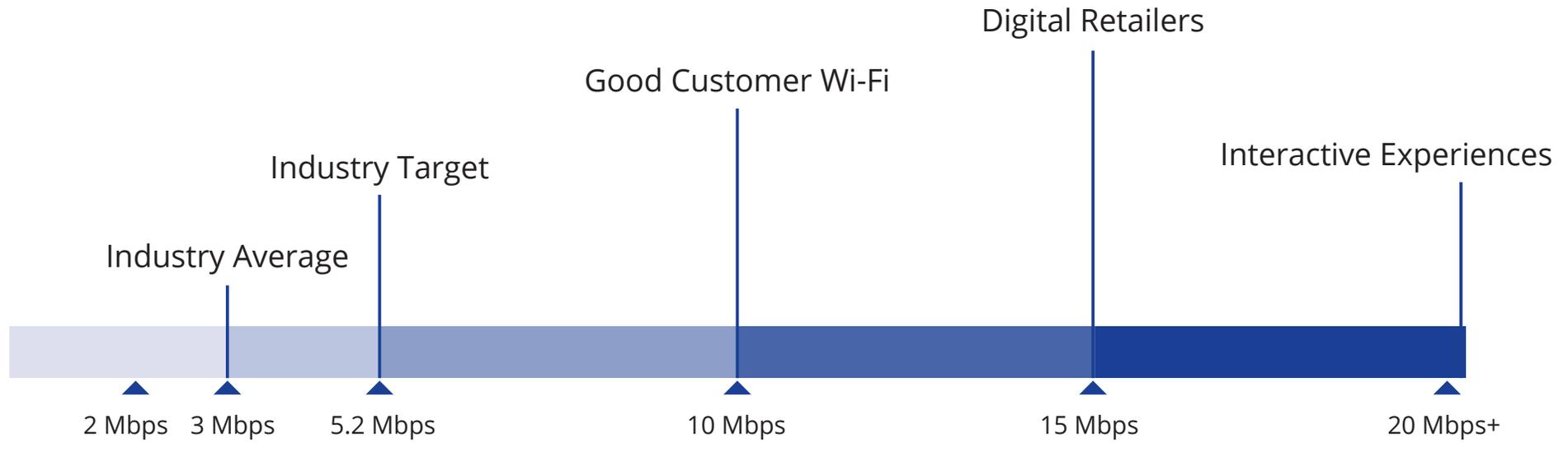
top 3 technologies



that retailers can't support with their current store network

So How Much Bandwidth Do You Really Need?

Key Factors: Tech Deployment, Footprint, Format



Source: EKN-Hughes Store Network Business Impact Survey, 2015

A Framework for Evaluating Your Network

This framework helps retailers measure the efficiency and efficacy of their network. It breaks down the elements of a high performance network across 5 key enablers and maps them to business impact so one can understand how networks drive measurable value.

(To get a personalized assessment on how your network performs on this framework contact: EKNInfo@edgellmail.com)



1. Capacity: Do I have enough bandwidth?

Without enough bandwidth you can't support any business outcome - be it customer expectations, associate effectiveness or store operations.

Assessment Areas:

- Add capacity easily
- Add capacity quickly
- Add capacity at a reasonable cost



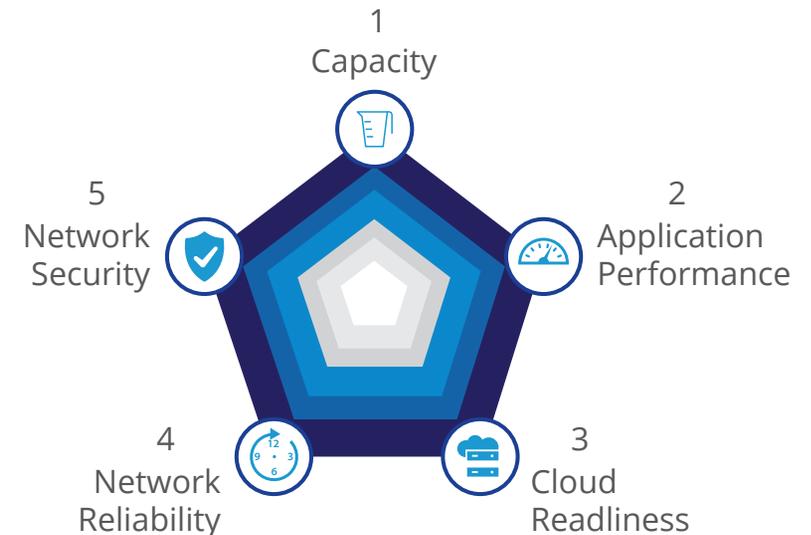
2. Application Performance: Are my applications responsive and fast?

Not all applications need to be real-time and not all data is priority. Understanding how to prioritize traffic and manage your network is critical.

Assessment Areas:

- Respond quickly (impacts Quality of Experience (QoE))
- Load content such as media files quickly (impacts retail experience)
- Check-out quickly (impacts retail associate's efficiency)

Store Network Performance Framework (5 Key Enablers)





3. Cloud Readiness: Can I use cloud solutions?

The cloud isn't about cost; it is about speed and reducing integration effort. Adopting cloud-based applications has benefits but it also means building a much stronger network infrastructure.

Assessment Areas:

- Reduce overhead costs without replacing existing technologies
 - Optimize WAN for networks in a distributed enterprise
 - Assess enterprise exposure and attitude to cloud enabled store solutions
 - Review adoption plan for cloud-based solutions
-



4. Network Reliability: Will my network fail?

Understanding your network capacity and investing in the right back-up networks is critical to ensuring that the store never goes down.

Assessment Areas:

- Provide end-to-end priority for business applications
 - Guard against primary network outages
 - Use secondary connection in a co-primary configuration as back-up
 - Build network path diversity between primary and secondary connections
-



5. Network Security: Is my network secure?

An underinvested but critical area, especially when it comes to customer Wi-Fi, security is the cost of doing business. Lax network security can lead to multimillion dollar breaches and loss of brand equity.

Assessment Areas:

- Implement next generation firewall for advanced threat protection
- Look beyond PCI compliance to secure customer and transactional data
- Enable category-based content filtering (restricted site access)

EKN Store Network ROI Assessment

Network tech-speak can be overbearing for business executives, and technology executives do not have a standardized framework through which to communicate the business value of the store network nor the impact of the friction in user experience caused by poor network performance.

EKN has partnered with Hughes to develop an industry standard framework for assessing the maturity of retailer's network. Our aim is to help business and technology executives focused on the in-store experience to collaborate better, and ultimately elevate the role of in-store network infrastructure to being an active ingredient of a retailer's in-store experience strategy.

EKN Network Business Impact QuickScan

Take the 2-minute assessment:
<http://quickscan.eknresearch.com/networkroi/>

DISCOVER SHARE EVALUATE
EKN
Retail

Your personalized scorecard
abc@abccorp.com
Take the quiz again

Sponsored by
HUGHES

Your Network Maturity:
Follower

Buckle Up! You've fallen behind what is considered table stakes from a store network readiness perspective. Upgrade your store network readiness vis-à-vis your business needs or risk this becoming your Achilles heel.

Note: The above screens are for illustration purpose only

The full **Store Network ROI Assessment** is available to qualified retailers. To request access to the tool, please email us at EKNInfo@edgellmail.com with the subject "NetworkROI"

Personalized Assessment

Network Maturity Index

This Network Maturity Index is a gauge of your organization's overall Store Network Performance measured across three business impact areas

- Customer Satisfaction
- Staff Effectiveness
- Store Operations

The position of the needle indicates your score relative to the industry and highlights whether you are at par, behind or ahead of the industry in terms of your store network performance.

■ Laggards ■ At par with the industry ■ Leaders

You made it!

- You are at par with the industry when it comes to your network maturity.
- Your network is there but is still away from being able to support the next-generation store experience.

Your network is able to complement your current set of in-store technologies but you would need to upgrade your network capabilities in order to meet the expectations of your customers and improve store efficiency in the long-run. To understand which levers you need to focus on to improve your network performance please see the detailed assessment below.

Note: The needle in the gauge for network maturity index indicates your overall network maturity

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