

— 2017 —

THE YEAR IN REVIEW AND RETAIL OUTLOOK

— 2018 —



POSITION YOUR RETAIL OPERATION FOR SUCCESS IN 2018 AND BEYOND

In the midst of the Fourth Industrial Revolution, retailers are looking forward with a mix of anticipation and uncertainty regarding the future of retail. While the timeline and precise impact of this retail transformation have yet to be determined, we know that retailing of the future will be characterized by blurring lines between digital and physical spaces and an increasing volume of shopping being done digitally versus in-store.

Following the strongest holiday shopping season since 2010, retailers are looking to 2018 with optimism. By taking time to review their individual performance during the 2017 shopping season, retailers can prioritize technology investments, systems and processes in an effort to outline technology objectives for 2018.

What did you do right during the 2017 holiday shopping season and how can you better prepare for the 2018 season?

Before looking forward, it's important to look back and understand what the numbers and trends reveal about how shopping patterns are changing and how retailers need to respond.



2017 WAS THE STRONGEST HOLIDAY SHOPPING SEASON IN YEARS

In 2017

holiday sales during
November and
December increased

5.5%

over the same period in
2016 to **\$691.9 Billion**.¹

2017



saw the
biggest

year-over-year
growth since

2010²



Nearly a third of
Americans say
they've had a package stolen
from their doorstep, driving
in-store pick-up.¹¹

The seamless
omnichannel retail
experience is not quite
there yet;

**more than
70% of top
retailers**

have pegged seamless
omnichannel customer
experiences as a
corporate priority.¹²



**THERE
WERE A FEW
PITFALLS**



**About 58 million consumers shopped
online only, while 51 million shopped only
in stores.** Roughly 64 million shopped both in
stores and online.³

A SNAPSHOT OF THE 2017 HOLIDAY SHOPPING SEASON

\$138.4

billion of sales were attributed
to online and other non-store
sales, up 11.5% from the
previous year.⁴



45% of U.S. adults have used their phones while inside a
store to look up online reviews or to try and find a better
price online for something they are thinking of purchasing.
12% have used their cellphones to physically pay for
in-store purchases.⁶

54%

of shoppers expect to
receive discounts
through email around
key shopping holidays.⁷

79%

of consumers plan
their gifts before they
even go shopping.⁵

50%

of all online sales
this year were with
Amazon.⁹

43%

of customers
reported
stock outs in
December.¹³



84%

of users said a bad
ecommerce checkout
experience made
them leave the
retailer's site before
making a purchase.¹⁴

Consumers used more retail
apps this year; daily active
users grew by 62% over last
year, and the average
time spent on an app
increased by 4 minutes.⁸




Retailers offering
BIOPIS (buy online
pick-up in store) estimate that
between 20% and 40% of
shoppers who pick up in stores
end up buying more items.¹⁰

CONSUMER SHOPPING PATTERNS ARE CHANGING

KEY INSIGHTS THAT ILLUMINATE THE PATH FORWARD

Strong demand coupled with significant changes in shopping patterns and preferences point the way forward for retailers. To remain competitive and thrive, retailers must deliver an increasingly sophisticated shopping experience and precision inventory management. The following trends point to “must-haves” for the 2018 shopping season and beyond.




Trend #1

Amazon raises the bar



Trend #2

Get ready for true omnichannel



Trend #3

Deliver superior CX for higher revenue



Trend #4

Don't forget physical security



TREND #1: AMAZON RAISES THE BAR

Accounting for 50% of all online sales, Amazon definitely made the most of the 2017 holiday shopping season. A tribute to its back-end precision, inventory tracking and ability to make relevant and personalized purchase recommendations to its customers, Amazon raises the bar for online retailing and offers many lessons and best practices to brick-and-mortar stores.

To remain competitive, retailers are stepping up their game in e-commerce as well as in stores. They understand the value of precision back-end operations, a personalized customer experience, and AI for predicting customer preferences and interests based on their previous purchases. Top retailers are also moving toward frictionless “grab-and-go” checkout with autopay in stores.

Retailers can learn many lessons from Amazon’s approach, but can also pivot and plan to offer experiences in ways that Amazon can’t by reinventing the customer experience, specializing, and leveraging physical assets that are already in place.



TREND #2: GET READY FOR TRUE OMNICHANNEL

Consumers spoke loud and clear this holiday shopping season that they expect a truly omnichannel shopping experience. From researching gifts and prices online, to checking inventory in local stores, to ordering online for in-store pick-up, consumers are ready to break the barriers between online and in-store shopping. To successfully deliver the omnichannel shopping experience, retailers will be pressed to achieve precision inventory tracking.

It is a formidable challenge. According to a report from Kurt Salmon, retailers without RFID reported only 67.4% inventory accuracy, accounting for an estimated 8.7% loss of total sales. According to that same report, retailers that deployed RFID improved inventory accuracy by an average of 25.4%.

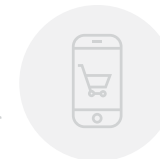
Retailers will continue to look to the latest technologies to help them achieve true inventory visibility. When it comes to inventory, an RFID-based inventory tracking system can help ensure that goods are accurately tracked from vendor to shelf or outbound package.



TREND #3: DELIVER SUPERIOR CX FOR HIGHER REVENUE

The value-added customer experience means that the retail brand is timely, relevant and relates personally to the customer. Savvy retailers help point consumers to the products that may interest them based on the data they have collected about the consumer. For example, for the consumer who picked up a pair of shoes in store and put them back on the shelf, how about serving up a coupon live to their phone to encourage reconsideration? Or if a customer purchased prenatal vitamins at the pharmacy during the last store visit, how about following up with an invitation to sign up for the “new baby club” that provides coupons for baby supplies and helpful content for new parents?

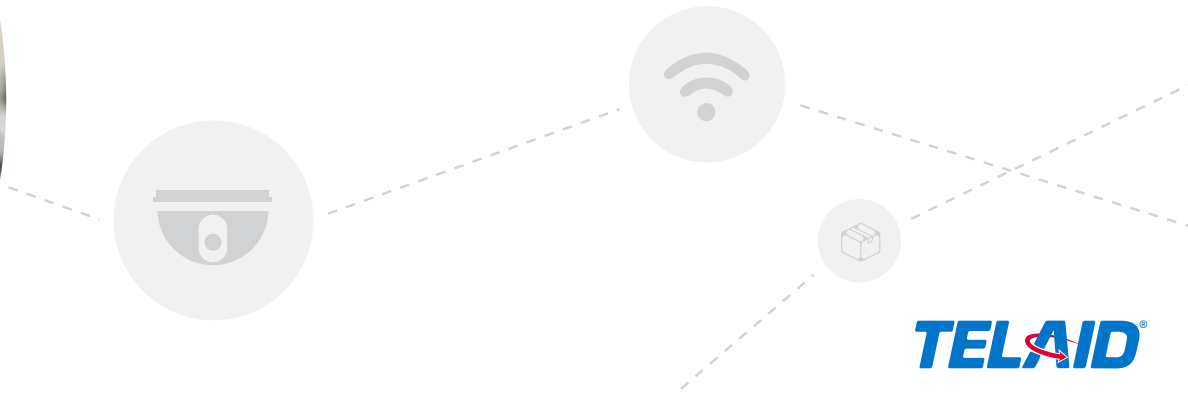
To do this, retailers need physical layer and wireless infrastructure as well as highly integrated systems. From beacon technology to digital shelving and AI apps, lots of technologies combine to elevated the customer experience and make it feel truly personalized and value-added. This, in turn, often yields higher revenue per shopper and reduced abandoned shopping carts – both online and in-store.



TREND #4: DON'T FORGET PHYSICAL SECURITY

Even in the face of growing security threats, physical security technologies are able to provide more information and protection than ever, with integrated platforms that seamlessly link data from video, access control and intrusion systems. To ensure a safe and comfortable shopping experience for every customer, retailers are undertaking more extensive physical security efforts.

IP technologies are delivering more, better information more quickly than ever and are also being leveraged for uses far beyond LP, including store merchandising, marketing, and operations, returning an even greater ROI on technologies like IP video, video analytics and access control.



PAVE THE WAY TO SUCCESS

So how can retailers achieve their goals for 2018? A great place to start is detailed prioritization and planning for technologies to be deployed. Then, it's important to evaluate the current infrastructure to determine if it can accommodate planned technologies. Have you considered some of the following questions?

MDF AND IDFS (EQUIPMENT ROOM)

- ☐ Is your MDF secure, clean and up to BICSI standards?
- ☐ Does your MDF/IDF have adequate heating/cooling and airflow?
- ☐ Is there sufficient electrical power to install new equipment?
- ☐ Have you evaluated your port availability?
- ☐ Is there space available in the network rack?
- ☐ Are circuits properly extended and labeled from the demarc?
- ☐ Have you taken an inventory of existing equipment?

WIRELESS

- ☐ Do you have a recent wireless heat map that shows signal strength and potential inference?
- ☐ Can your current wireless access points support the technologies you plan to deploy over the next 12 – 18 months?

PHYSICAL SECURITY

- ☐ Have you performed preventative maintenance on your video surveillance, intrusion detection or access control system to validate proper system, camera and device operation?
- ☐ What type of cabling is installed and does it meet IT best practices?
- ☐ Are your physical security systems currently integrated?

IF YOU HAVE NOT CONSIDERED THESE QUESTIONS, LET TELAID HELP YOU THINK THROUGH YOUR SUCCESSFUL TECHNOLOGY IMPLEMENTATION PLANS FOR 2018.



TECHNOLOGY LIFECYCLE SOLUTIONS
FOR MULTI-SITE CLIENTS™

Partner with Telaid to ensure you're prepared for the velocity of change. Sign up to participate in a 60-minute working session to ask critical readiness questions and construct a plan to help you bridge the gap between your current state of technology and where you hope to be in Q4 of this year.

SIGN UP FOR 60-MINUTE SESSION



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GET TO KNOW TELAID

If you need a partner who can help you deploy critical technologies in an efficient, expedient and cost-effective way, contact Telaïd today. We have helped 8 of the top 10 retailers deploy complex, multi-site solutions, all while reducing time, task, cost and risk.

Contact us today to ensure you're prepared for the holiday shopping rush!

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