RETAIL TECH SPENDING TRENDS:

Where are **Retailers Spending Their IT Dollars** this Year?

As 2017 gets underway, retailers are contemplating the best investments to improve their businesses in the coming year. Today's customers are more tech-savvy than ever, and as retailers work to keep up with constantly shifting consumer expectations and behaviors, tech spending trends are on the rise. With so many areas to consider — hardware and software solutions, mobile deployment, payment processing, cloud-based apps, security — how do you decide where to allocate your hard-earned IT budget? Where are your competitors most likely to be investing their IT dollars? Learn more about the top tech spending trends for 2017 and what you can do to help your business stay ahead of the game.

Omni-Channel Opportunities

Retail has become an increasingly omni-channel environment, with customers taking multiple paths to purchase, from in-store visits to online and mobile shopping. Business owners are investing in tools that give them the greatest visibility across their entire operations. You'll need to be able to integrate data from multiple channels to get a holistic view of performance: from inventory management across the enterprise to behavioral analytics of customers' in-store and online activity.

For the past few years, *Innovative Retail Technologies magazine (IRT)* has conducted an annual survey about tech spending trends, gathering responses from retailers ranging from smaller specialty stores to big-box brands. In their report and forecast for 2017 , they note that 55 percent of respondents said they are "actively investing in omni-channel systems and technologies." Nikki Baird, a managing partner at Retail Systems Research, wrote in a January 4, 2017 *Forbes* article that

"Retailers' ability to use data from all parts of their business to drive performance will separate retail winners from laggards."

One such tool that can help you gain insights to improve performance is a people-counting solution. A system that provides data about customer traffic patterns throughout your enterprise can be useful in several ways:

- *It can help you determine your sales conversion rate,* which is the number of customers who enter your store compared to the number of customers who actually make a purchase.

- *It will identify your store's busiest times of the day, week, month, or season,* allowing you to staff accordingly and optimize your labor costs as well as improving customer service.

- *It will tell you how successful your promotions or even your store layout are.* For example, did traffic increase after that online campaign or in-store event? Did your sales conversion rate improve after you moved the clearance rack to the back, or set up that new window display?

And the data can be compared across shop locations or even in different areas of a single store. A system that helps you perform these kinds of analytics is a good investment.

Cloud-Based Solutions on the Rise

As cloud technology has evolved and improved, greater numbers of retailers are discovering its benefits. Almost half (49%) of the *IRT* survey respondents agreed with the statement, "My company is actively moving applications to the cloud." Only 19% said they were not. The rest were unsure, which the report attributes to the fact that cloud-based apps have improved so much that the differences between hosted and on-premises software are not as easily apparent as they used to be.

Cloud adoption was "the far-and-away leader" when *IRT* respondents were asked to rank "the best technology decision their company made in 2015-2016," and it was one of the top two answers to the question of which decisions "had the most positive impact on their bottom lines." Benefits include affordability, as it reduces purchase and maintenance costs of hardware and software, and increased ease of use.

Another cloud benefit the survey respondents cited was "real-time access to a host of decision-making data." One example of an application that provides this benefit is people-counting solutions. Traffic analytics providers such as Traf-Sys offer cloud-based data hosting and report generation, eliminating the need for software and data storage on your system while providing you with a wide range of actionable information.

Mobile Will Continue to Grow

Today's environments are all about mobility, in the hands of both consumers and retail staff. According to SOTI Enterprise Mobility Management , a whopping 92% of customers now want to shop in stores that offer mobile solutions. They want to be able to use their own devices in-store to price-match, access instant discounts or coupons, or get digital receipts, for example. Their most-preferred mobile tech solution, according to SOTI, is the availability of mobile point of sale (POS) devices for faster checkout times: 73% of customers want that option.

The *IRT* survey data confirms the importance of mobile implementation. When asked what in-store hardware their companies planned to invest in for 2017, 37% of retailers said mobile devices for associates, and 35% said mobile POS hardware — the top two responses. Printers were the third most popular answer at 30%, as retailers are interested in the latest generation of smaller, smarter printers that are mobile and serve multiple functions. There is also a correlation in the software category, where the top two 2017 planned investments are wireless networking (40%) and Wi-Fi (30%), essential for mobile solutions. Mobile POS software also made the list, with 24% of respondents planning to invest.

For the past three years of the *IRT* survey, customer experience management has been the highest-ranked marketing and operations priority for retailers. The level of interest in mobile investments reflects this desire to give customers what they want most in terms of their shopping experience. Customer experience can also be improved with investments such as people counters, which indicate optimal staffing levels and help identify effective promotions. And your traffic analytics can be accessed from a mobile device.

TRAF-SYS
PEOPLE COUNTING SYSTEMS

Security Remains a Concern

With so much retail activity taking place online, cyber security is another priority. Small- to medium-sized businesses are increasingly the target of cyber criminals, and you cannot afford to think it wouldn't happen to you. One U.K. survey found that **74% of small businesses experienced a security breach in 2015.** All businesses have sensitive data to protect, from company assets to customers' payment information, and hackers are using more sophisticated methods every day. The constantly evolving threats (phishing, malware, ransomware, denial of service attacks, memory exploits) and the growing incorporation of mobile devices (including POS devices) should make it no surprise that mobile security and payment security were two of the top three loss prevention/asset protection investments named in the *IRT* survey.

While cyber security is crucial, brick-and-mortar store security also remains a top concern. Video surveillance was the leading protective solution in the *IRT* survey, with 39% of respondents planning to invest in it for 2017. Other investments can have the side benefit of increasing physical security, too. People-counting solutions help you identify the periods of highest traffic in your stores, which are often the periods of greatest opportunity for potential thieves. Armed with this knowledge, you can make sure you have enough staff present, not only to assist customers but also to watch out for shoplifting and other suspicious activity. Using traffic-counter data to schedule your staff improves customer service and reduces shrinkage.

So Where Should You Invest Your Tech Budget This Year?

Now that you know what some of the top tech spending trends are likely to be for 2017, how do you decide where your money should go? Omni-channel systems, cloud-based apps, mobile solutions and the networks to support them, and security measures are all good choices — and ones your competitors are likely to be exploring. The IRT survey concludes,

"If the market's stated technology investment intentions come to fruition, 2017 will be a very innovative year indeed, and consumers will be the year's big winners as a result."

Focusing on the solutions that will help you most improve your customers' experiences should put you among the 72% of survey respondents who agreed with the statement, "My company has invested in technologies that will help our stores succeed."

About Traf-Sys

From our headquarters and data center in Pittsburgh, PA, Traf-Sys Inc. provides people counting systems, software and support to more than 7,000 locations. We offer a broad range of traffic counting solutions that deliver unparalleled accuracy and reliability. Our people counting solutions solve a variety of traffic monitoring challenges for all types of organizations, including some of the largest shopping centers, retail store chains, universities, libraries and casinos in the United States.

Whether you are trying to measure traffic to support project funding, optimize labor, determine advertising effectiveness, or increase conversion ratios, Traf-Sys provides the tools to leverage key metrics to improve the performance of your business. Our people counting solutions provide actionable information that helps organizations increase profitability and optimize operational efficiency by analyzing visitor traffic to make informed business decisions.

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