The Big Challenges of the Retail Market

In today's world communications is no longer about types of delivery that are used but the value that these connections make possible, to both businesses and individuals. WEB 2.0 has opened up communications with the ability for users to collaborate and share information online linking in social media networking and e-commerce. To make the most of the services retail organisations need to look at becoming smarter through greater business intelligence and the usage of specific analytical tools and demographics to provide enhanced user experiences and to convert noncustomers to customers, customers to loyal customers, and loyal customers into fans.

For retail, the end user environment and expectations has changed and the user experience is of even greater importance for the delivery of service through both bricks and mortar and on-line to provide a complete Omni-channel experience. Consumers choose where to purchase, how to purchase and when to purchase based on the shopping experience. This in turn means that shop floor staff need to be more knowledgeable and have the same technologies available to them whilst engaging with customers within the store. Mergers and acquisitions bring in the need for multibrand integration and expanding internationally means having to deal with multiple country service providers, all of which put a heavy burden on company resources.

What's going on in the retail market?

If we look at just five of the key areas shown below, there is a lot to consider:

1. Convergence of digital and physical channels (unified experience)

2. Optimisation of the shopping journey

3. Technology to inspire and captivate customers

4. Emerging retail formats

5. Customer convenience

CONVERGENCE OF DIGITAL AND PSYCHICAL CHANNELS: The shopping experience must be accessible, available and equally deliverable in all formats and the time that shoppers want it. Multiple and consistent touchpoints across various channels are key for retailers to grow their business.

OPTIMISATION OF THE SHOPPING JOURNEY: Consumer sales today is not any longer filling their bag with products but managing the whole purchasing process. Consumer's behaviours have changed: from primary needs to emotional and social purchasing. Inspiring, captivating, and relevant are the key words that a modern retailer should focus on when building an Omni-channel strategy.

TECHNOLOGY TO INSPIRE AND CAPTIVATE CUSTOMERS: In-store messaging, iBeacons, social media marketing, loyalty programs, customer behaviour and shopping history are vital to build a customer experience management strategy that focuses on tracking the purchasing process from online to mobile and within the store.

EMERGING RETAIL FORMATS: Online-only retailers are opening up physical stores to showcase the branding experience. Pop-up/temp/concept/outlet stores are becoming common for offering diversified and up-to-date shopping experiences.

CUSTOMER CONVENIENCE: Today's shoppers have less time, are price conscious, and less patient for retailers to get it right. Surveys show that only about 2% of shoppers will ask a member of staff for help while in the store if they do not find the product that they are looking for. The rest will just leave; therefore supply chain optimisation and product sales data are key to avoid out-of-stock management.

RETAIL CHALLENGES: With all the above, this brings various challenges for the retailer, including: the evolving customer profile of potentially six generations of customer, how to acquire new customers, creating the Omni-channel experience through both online and bricks and mortar, employee efficiency and turnover and security for premises, payments, and the network.

EVOLVING CUSTOMER PROFILE: Retailers today have five potentially six generations of shopper to deal with all with different shopping habits and preferences.

1. Greatest Generation...... 1901 to 1926
2. Silent Generation .... 1927 to 1945
3. Baby Boomers .... 1946 to 1964
4. Generation X................ 1960 to 1980
5. Generation Y................ 1981 to 2000 (Millennials)
6. Generation Z................ 2001 onwards (Centennials)

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The consumer today has access to huge amounts or readily available information. They are highly informed in many cases more than the shop staff with a wealth of knowledge at their fingertips with smart devices ready to influence their buying decisions and have a multitude of purchasing options available to them. They want to purchase and pick up at times that are convenient to them and this window is getting smaller for the retailer. Click and Collect used to have 4-hour time slots this is now down to two and in many cases 1 hour.

CUSTOMER ACQUISITION: To capture new customers more predictive business intelligence benefits through detailed analytics helps to intercept new customers and increase engagement opportunities. For this, big data management is key by adopting new communications and action strategies to support the business, deepening backend and frontend process management and control retailers can gain more insights into their customer behaviours and preferences to make decisions in real time and develop the most effective customer acquisition tools for the business.

SECURITY: With an increase in Wi-Fi mobility within a store for both staff and customers and PCI compliance regulations, General Data Protection Regulations (GDPR) and new payments methods, including: self check-out, mobile POS, and smartphone/tablet payments, making the network secure is a key requirement for any retailer. Consideration needs to be given to not only protecting the customer but also the brand as the impact of negative social media feedback can have on a business. With self-payment kiosks available, additional security to prevent shoplifting that affects retailers to the tune of circa £14M a year also needs to be considered.

OMNI-CHANNEL EXPERIENCE: It is widely understood that online shopping increases the value of an in-store visit, so how do you recreate the online shopping experience in a store? Consider In-store multiple touch-points, including digital media screens, interactive kiosks, and interactive windows to attract the consumer and allow for additional product information and availability. With technology continuing to evolve Augmented Reality (AR), Artificial Intelligence, and ChatBots are all now being seen across the retail industry. Customer analytics combined with proximity marketing with correct indoor positioning can drive the customer in store to purchase.

EMPLOYEE EFFICIENCY AND TURNOVER: For retailers to stay competitive they should be looking at new ways to ensure that staff is well-informed and motivated. The sales assistant must be always connected to gain access to a range of information no longer implicit and unstructured (experience), but explicit and structured (CRM, access to online websites, etc.). In a perspective of knowledge management, information must always be available to the sales assistant.

How can Hughes help?

Hughes is helping retail organisations in their digital transformation by providing solutions to many of the above questions that companies and individuals are asking. Whether you are C-level executive, head of department, director or manager Hughes has services and solutions to aid you in deploying your digital strategy.

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UK: Hughes Network Systems Ltd

Hughes House
Rockingham Drive, Linford Wood
Milton Keynes, MK14 6PD
United Kingdom

Tel.: +44 (0)1908 425 300
Fax: +44 (0)1908 425 301

Germany: Hughes Network Systems GmbH

Ottostrasse 9
64347 Griesheim
Germany
Amtsgericht Darmstadt HRB 6514

Tel.: +49 (0)6155 844 0
Fax: +49 (0)6155 844280

Italy: Hughes Network Systems S.r.L.

via Salaria, 222
00198 Roma
Italy

Tel.: +39 06 844 0611
Fax: +39 06 844 061124

HUGHES
An EchoStar Company

11717 Exploration Lane
Germantown, MD 20876 USA

www.hughes.com