

THE ULTIMATE MOBILE (POS) PLAYBOOK

5 Must-Have Elements In A
Successful mPOS Solution

A woman in a white lab coat is holding a smartphone in her right hand and a payment terminal in her left hand. The background is a blurred image of a person's face.

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INTRODUCTION

Mobile technology is empowering and connecting people around the world. With smartphones and tablets in hand, shoppers can access brands, products, content and prices in seconds.

For years, mobile technology was considered a threat to retailers everywhere. If shoppers had fingertip access to products through their phones, why would they visit a store? But contrary to industry-wide panic, retailers can actually realize a multitude of benefits should they roll out mobile POS (mPOS) in stores, including improved customer engagement and sales.

Because the benefits of mPOS are now more pronounced, adoption is on the upswing. In fact, shipments for new mPOS devices increased by approximately 95% worldwide in 2015, according to [IHL Group research](#). Total mPOS shipments in the U.S. alone grew by 108%.

It's easy to see why mobile devices have become retailers' most favored companions. With smartphones and tablets in tow, associates can look up inventory information, learn more about their customers and complete transactions from anywhere in the store. Moving from a stagnant over-the-counter experience to more side-by-side interactions also leads to improved operational efficiencies, shopper engagement and overall sales.



While the benefits of rolling out mobile in the store are clear, merchants still are unclear on the capabilities they should look for in an mPOS solution.

Want to know what features and capabilities can help you drive mPOS success? This playbook will spotlight the top five must-have elements of an optimal solution. They include the ability to:

1. Tie mPOS to boost cross-sell and up-sell opportunities
2. Accept a variety of payment types and apps
3. Future-proof payment options and hardware
4. Implement the latest data security and compliance standards
5. Leverage a provider's industry expertise and support

Not only will this piece touch on the core features and capabilities of an optimal mobile solution, it also will show how mPOS impacts both shoppers and staff.

Throughout this playbook, you'll learn how Nicky, a Millennial shopper, finds a dress for her best friend's wedding, and how Anna, an associate at a local retailer, uses mPOS to guide her through the browsing and buying journey.

Shipments for new mPOS devices increased by approximately 95% worldwide in 2015.

– IHL GROUP, MOBILE POS HARDWARE VENDOR MARKET SHARE



MPOS: THE OPTIONS ARE LIMITLESS

Stores can implement mobile in a variety of ways. Although each approach has its benefits, retailers need to consider their target shoppers and the overall goals of the mPOS investment. Two of the most popular use cases are:

► POS in-store counter checkout

A tablet is tethered to a cash drawer and has a magstripe reader attached. Should a store experience a traffic surge, an associate can easily remove the tablet from the counter checkout area and complete transactions in-aisle.

► Untethered mPOS

Associates can use an enterprise app to complete transactions on smartphones and tablets. They also have access to inventory and customer information.



1

TIE MPOS TO BOOST CROSS-SELL AND UP-SELL OPPORTUNITIES

Consumers are using a variety of technologies and information sources to research products and complete transactions. By 2018, worldwide retail sales will reach \$28.3 trillion, according to [eMarketer](#). But only 8.8% of these transactions will come from e-Commerce.

Although brick-and-mortar is still the star of the retail universe, retailers need to keep pace with consumers' tech-savvy shopping behaviors by creating seamless and personalized experiences across all channels.

The vast majority (95%) of global retailers agree that there needs to be more harmonization between their stores and digital experiences, according to [Retail Systems Research](#). Retailers can bring the best of both worlds together with mPOS, which digitally empowers store associates, giving them the tools and information they need to engage and communicate with shoppers effectively.

On the surface, mobile technology adds flair and excitement to the store floor. But the true power lies in the technology. On the back end, an optimal mPOS solution can access data and information from all store and e-Commerce systems. It should include an application programming interface (API) that facilitates this process. As a result, all inventory, accounting and customer data is accessible in real time.

By looking at POS technology from a holistic point of view, and integrating mPOS with all other systems, retailers can improve the customer and employee experience in two key ways:



- ▶ **Order fulfillment:** Associates toting mobile devices can access chain-wide inventory, which allows them instantly to see which items are available in-store. Better yet: If a particular item, color or size is unavailable in their location, associates can pinpoint nearby stores that do have the item or can order it online and have it delivered to a customer's doorstep.
- ▶ **Product recommendations:** Associates also can use mobile devices to access detailed customer data, such as contact information, purchase history and loyalty account information. Looking at this data, associates can learn more about their customers, have more meaningful conversations and offer more valuable product recommendations.

Both of the above scenarios point to mPOS as a key facilitator for building more profitable customer relationships and driving cross-sell and up-sell opportunities. If stores connect data across all POS touch points, consumers can have a seamless and enjoyable brand experience.

95% of global retailers agree that there needs to be more harmonization between their stores and digital experiences.

- RETAIL SYSTEMS RESEARCH, COMMERCE CONVERGENCE: CLOSING THE GAP BETWEEN ONLINE AND IN-STORE



THE MOBILE MOMENT OF TRUTH: BROWSING

Nicky Robinson is on a shopping mission. Her friend of 10 years is getting married and she doesn't have a thing to wear! So she visits a nearby clothing store to pick up a new dress. But that doesn't mean she's unprepared. Prior to visiting the store, she developed a curated gallery of dresses she liked on social media, and compared a few specific styles on the retailer's e-Commerce site.

Shortly after Nicky enters the store, an associate named Anna approaches her. Anna asks a series of questions, such as: What are you shopping for? Are there any specific colors you like? Will the wedding be indoors or outdoors? As Nicky provides her answers, Anna brings up a few different styles on her tablet that sound like a good fit. Nicky ends up liking two of the three dress styles, and goes to try them on in a fitting room.

While Nicky is preoccupied, Anna selects a necklace, pair of earrings and pair of shoes that match both dresses. Nicky ends up falling in love with one of the dresses and decides to pair it with the necklace, earrings and pair of heels that Anna selected using her handy mobile device!



2

ACCEPT A VARIETY OF PAYMENT TYPES AND APPS

A variety of mobile payment applications and solutions have emerged throughout the past decade. Square, PayPal and Google Wallet were among the first wave of players to shake up the payment space.

Most recently, Apple has managed to add excitement to the market with the release of Apple Pay, which supports credit and debit cards from American Express, MasterCard and Visa that are issued by more than 500 banks. Many of the top U.S. retailers, including **Bloomingdale's**, **Macy's**, **Walgreens** and **Whole Foods Market**, have already announced that they would accept Apple Pay in stores and for online purchases.

Retailers overseas are starting to adopt the technology as well. Upon Apple Pay's official launch in the UK, several big-name retailers adopted the technology, including Boots, Marks & Spencer and Waitrose. Commuters have even embraced the technology while traveling on the London Underground and Overground systems. In total, 1.25 million locations worldwide now accept Apple Pay.

Together with the Wallet app, Apple Pay creates a strong and secure solution that combines credit and debit cards, and soon, retailer loyalty programs.

The enthusiasm surrounding Apple Pay has undoubtedly increased urgency among consumers to embrace mobile wallets. Although only 30% of U.S. shoppers have used mobile wallets to pay for items in the past, an additional 62% of shoppers plan to start using mobile wallets over the next year, according to [Interactions research](#).

Mobile payment awareness is also on the rise in Europe, with Millennials leading the charge, according to [research from Verifone](#). While 37% of consumers age 18 to 33 are somewhat or very aware of mobile wallets and payment options, only 17% of consumers 45 to 55 had the same knowledge.



It is clear that shoppers are becoming more open to the idea of paying for products using their smartphones. However, many retailers don't have the hardware in place to quickly and efficiently adopt new payment options as they emerge.

With the Interactions report concluding that 61% of consumers would spend more with retailers that accept mobile payments, businesses that don't keep pace are missing out on significant revenue opportunities.

In today's fast-moving technological landscape, it is imperative that retailers have the systems in place to accept all payment types — from debit and credit; to Europay, MasterCard and Visa (EMV) chip cards; and mobile wallets. Retailers must always give consumers the option to pay how they want. If retailers don't do this, they risk damaging customer satisfaction, loyalty and sales.

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- INTERACTIONS



THE MOBILE MOMENT OF TRUTH: PAYMENT

After spending an hour browsing through the store, trying on a few different dresses and consulting with Anna, Nicky is finally ready to complete her transaction. But while sifting through her purse, she realizes that she forgot her wallet in the car!

Rather than leave her items behind and hustle to the parking lot, she takes out her phone and opens Apple Pay. Because the retailer's mPOS hardware can accept both traditional and digital payments, Nicky can tap her device against the terminal and complete her transaction without a hitch.



3

FUTURE-PROOF PAYMENT OPTIONS AND HARDWARE

New mobile hardware also is entering the marketplace. Think of how often new iPhones or Android devices are introduced!

A successful mPOS solution allows retailers to accept a variety of payment options and can easily scale with businesses as they grow and change. Optimal systems also are compatible with a variety of devices and operating systems, so retailers are not confined to specific technologies. Rather, the mPOS solution can scale and adapt to different hardware models and operating systems, which leads to a higher return on investment and stronger investment protection.

While selecting a system, retailers need to ask the following questions:

- ▶ Do we plan to purchase new hardware or use mobile devices that we already have in stores?
- ▶ Will the mobile hardware integrate with our existing in-store technologies, such as receipt printers and PIN pads?
- ▶ If we plan to purchase new hardware, is the mPOS solution compatible with iOS, Windows and Android devices?
- ▶ Will we be able to customize features and interfaces as needed?
- ▶ Are there APIs available that integrate the payment system with loyalty and couponing apps, sharing data between them freely?



Whether retailers are updating mPOS hardware or implementing a completely new solution, they need to ensure that the new technology is flexible enough to integrate with a variety of operating systems and devices, while also allowing them to keep pace with new payment trends, technologies and security regulations.

The retail industry's pace of innovation and change shows no signs of slowing down, so retailers need to partner with solution providers that allow them to keep pace in a cost-efficient manner.

mPOS solutions can scale and adapt to different hardware models and operating systems, leading to a higher return on investment.



THE MOBILE MOMENT OF TRUTH: LOYALTY PROGRAMS AND OFFERS

As Nicky prepares to complete her transaction, she remembers that she is a member of the retailer's loyalty program. Although she left her loyalty card behind, she doesn't have to miss out on acquiring more points! Anna looks up Nicky in the system using her phone number, and she's able to select Nicky's account and reward her the appropriate number of points for her purchase.



4

IMPLEMENT THE LATEST DATA SECURITY AND COMPLIANCE STANDARDS

Over the past three years, a series of data breaches have rocked retailers. Even the largest and most trustworthy names — such as **Target**, **eBay**, **Neiman Marcus**, **Michaels**, **Sally Beauty**, **Tesco** and **TJX Companies** — have fallen victim to cybercriminals. As a result of these breaches, personal and payment data from millions of consumers was compromised.

Although breaches undoubtedly lead to an onslaught of bad press, they also lead to a series of internal headaches.

Retailers must focus on identifying the point of attack and work with payment processors and financial institutions to limit damage. Merchants also are tasked with the challenge of regaining and retaining consumer trust after a breach occurs, which can be an uphill battle. In fact, 30% of consumers worldwide do not trust retailers to protect stored personal and financial data from hackers, according to [ACI Worldwide](#). Furthermore, only 55% of consumers think stores have security systems in place to adequately protect their financial data.

Regulations such as Payment Card Industry Data Security Standard (PCI) and EMV can help retailers mitigate and possibly prevent data breaches.

The U.S. is currently the only First World country not utilizing EMV. With the Oct. 1, 2015, liability shift deadline quickly approaching, retailers need to have the payment terminals in place to accept chip-and-signature and chip-and-PIN transactions. If they don't, they can be held accountable for any fraud that occurs.

Banks have issued more than 2.37 billion EMV chip cards, and countries that have already made the transition have experienced a number of benefits. For example, the UK has seen a 72% drop in face-to-face fraud since 2004, according to [Financial Fraud Action UK](#). Between 2011 and 2013, domestic counterfeit card fraud in Canada fell 48%.

THE ESSENTIAL ELEMENTS OF A MPOS SOLUTION

As retailers begin the mPOS selection process, they must ensure potential providers can:

- ▶ Integrate mobile POS with other systems to boost cross-sells and up-sells
- ▶ Accept a variety of payment types and apps
- ▶ Future-proof payment options and hardware
- ▶ Ensure data security and compliance
- ▶ Access best-in-class industry support and expertise



But PCI and EMV are only one small part of a very complicated equation.

To protect themselves from savvy hackers, retailers need to implement end-to-end encryption and tokenization across all sales channels, according to the IHL Group report, titled [EMV: Retail's \\$35 Billion "Money Pit"](#). If they don't, they're leaving a gaping security hole. "Store fraud will simply move online — where EMV provides no protection," according to the report, "and they will still have hackers going after their data."

Encryption turns credit card numbers into non-readable text, which payment processors then translate with a key to complete the payment. Tokenization creates a random number that represents the transaction, making it useless to hackers. Both are essential for secure contact and contactless payments.

55% of consumers think stores have security systems in place to adequately protect their financial data.

- ACI WORLDWIDE, GLOBAL CONSUMERS: CONCERNED AND WILLING TO ENGAGE IN THE BATTLE AGAINST FRAUD



THE MOBILE MOMENT OF TRUTH: PAYMENT PROCESSING

Once Nicky enters her loyalty account information and uses her smartphone to purchase her new outfit, the technology does all of the heavy lifting. Because she uses Apple Pay, the retailer does not have access to her full name, credit card number or security code, which helps mitigate fraud.

She, like all Apple Pay users, has a unique Device Account Number, which is assigned, encrypted and stored on her device. The transaction is authorized with the NFC chip within her phone and receives a one-time security code. When the transaction is approved, Nicky can leave the store with her new outfit and feel peace of mind knowing that her personal and financial information is secure!



5

LEVERAGE A PROVIDER'S INDUSTRY EXPERTISE AND SUPPORT

The mPOS market is growing at an exponential rate. Some solutions may be tempting due to their price or even buzz being generated in the media. However, retailers need to consider a multitude of factors before investing in a new mPOS partner, such as:

- ▶ Does the solution provider have credibility?
- ▶ Does the company have knowledge and expertise in not only retail but also mobility and payment security?
- ▶ Will the provider's representative be present and responsive to all inquiries?
- ▶ Will the company take your feedback and opinions into account as new solution updates are made?
- ▶ Will your business be able to grow or scale using the provider's solutions?

To see success in this new and exciting era of retail, businesses need to tap partners that not only have the optimal solutions and services, but also the knowledge, expertise and best practices they need to succeed.



CONCLUSION

Mobile devices can add fun, excitement and flexibility to the in-store environment. Once confined by the old rules of retailing, associates using smartphones and tablets on a day-to-day basis have access to a treasure trove of information and resources that help them do their jobs better.

By implementing mobile devices in stores, retailers have seen an increase in customer satisfaction (58%), improved employee morale (40%) and increased cross-sells and up-sells (35%), according to Retail TouchPoints research. All of these underlying benefits have a significant impact on the long-term health of a retail business.

By vetting and ensuring that a technology partners offering meets their needs, retailers can verify that the mPOS systems and partners they're considering optimally align with their business goals and requirements.





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ABOUT VERIFONE

Verifone is transforming everyday transactions into opportunities for connected commerce. We're connecting more than 27-million payment devices to the cloud merging the online and in-store shopping experience and creating the next generation of digital engagement between merchants and consumers. We are built on a 30-year history of uncompromised security. Our people are known as trusted experts who work with our clients and partners, helping to solve their most complex payments challenges. We have clients and partners in more than 150 countries, including the world's best-known retail brands, financial institutions and payment providers.



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Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, special reports, web seminars, exclusive benchmark research, and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.

