

*With supermarkets and discounters continuing to invest heavily in their digital and online capabilities, staying on top of retail technology is becoming an increasingly important consideration for independent and convenience retailers. Steven Lambert takes a closer look at the latest trends in the sector.*



# Staying ahead of the technology curve

**F**rom iPhones and tablet devices through to smartwatches, retailers are facing a new generation of shoppers who treat technology as part of their everyday lives.

This in turn is affecting how people are choosing to shop in retail stores, whether it be consumers using their mobile phones as electronic wallets to quickly pay for goods at the till or using online click and collect services to pick up products at times that are more convenient for them.

At the same time, supermarkets and new challengers in the retail sector such as Amazon are utilising technology to offer speedy home deliveries of groceries to shoppers at the touch of a button.

This is presenting several new challenges to independent and convenience stores, who must weigh up investment in new technology against other costs of running their store, including business rates, energy bill payments, general store improvements and so on.

David Gilroy, managing director of digital platform Store Excel, says while he believes wholesalers and the independent trade are currently “behind the curve” on retail technology compared to larger competition, he adds there are plenty of opportunities for local stores to utilise this to drive sales and improve overall business efficiency.

“Technology has opened up a whole new world of ways to engage with customers and drive sales, and at a

relatively low cost. Our industry is way behind in this area but can rapidly catch up,” he says.

PayPoint group marketing director Steve O’Neill adds technology is becoming “crucial” for independent retail businesses to succeed in an increasingly competitive retail landscape.

He adds: “Almost half (46%) of corner shops see supermarkets as their biggest competition and are preparing to take them on through an increased adoption of retail technology.

“Our recent research has shown that a quarter (25%) of corner shops say limited access to advanced technology is the biggest challenge to delivering good customer experience.

“So in order to continue to compete effectively, new technology is needed for independents to increase their market share.”

To help independents stay ahead of the curve, Asian Trader looks at the latest retail technology trends and asks market experts and retailers how local businesses can best take advantage of new advancements in the market.

## Contactless payments

One of the fastest growing areas in retail technology is contactless payments, according to latest figures from the UK Cards Association

Research conducted by the organisation found shoppers had made more contactless payments in the



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first half of 2016 (£9.27bn) compared to the whole of 2015 (£7.75bn). It added contactless card spend also hit a record £2.1bn in July, with the number of transactions up 10% year-on-year.

This is a trend that Serge Khunkhun, owner of Premier Woodcross Stores in Wolverhampton, says he has noticed at his store since introducing contactless payment facilities earlier this year.

“We changed our card processing provider earlier this year to Barclaycard, who are giving us much better rates and have provided us with contactless payment facilities. Since then, we have seen a massive increase in contactless.

“We now have people coming in and paying for goods with their phone on Android or Apple Pay, which we can now provide under our new contract.”

While Mr Khunkhun says cash and standard debit and credit card payments still make up the bulk of his transactions, he believes ‘touch and pay’ purchases are set to rise further in his business and other independent stores.

“Around 95% of our card transactions come from debit cards and the vast majority of these transactions are £30 and under, so a lot of these are eligible for contactless.

“Independent retailers are ideal for contactless because its high volume, low value transactions. It is something that will help us futureproof our business.”

Iain McLean, head of retail development at MasterCard, says retailers without contactless card facilities may be putting their business at a disadvantage against supermarkets.

“The cost of electronic payments is becoming cheaper and more accessible but there has

been a tendency for independent retailers to look at existing technology rather than new technology.

“The large retailers are potentially shaping the behaviour of consumers on things like contactless. A shopper can go into a supermarket and pay for lunch with a contactless payment, for example, but if they pop round the corner and find the local retailer doesn’t have contactless technology, they may choose to go to the nearby Sainsbury’s instead.”

Recent activity from symbol groups and wholesalers suggest they are beginning to realise the growing importance of contactless payments for their businesses and their retail customers.

Both Costcutter and Spar, for example, were quick to shout about their implementation of Apple Pay and Android Pay in their stores following the launch of the technology in the

UK, while Bestway Wholesale is also allowing its retail customers to pay for goods with Apple Pay through its depots.

Roy Ford, a retail payments specialist representing Spar, says: “Mobile payment technology such as Apple Pay and electronic receipts not only improve the buying experience but can be used to generate detailed customer purchasing data, and will improve retailers’ understanding of their business.”

In addition, Palmer & Harvey (P&H) has partnered with digital app Zapper, which allows shoppers to create unique QR codes on their smartphones that can be used to quickly and easily pay for goods at the till.

The technology is now available to more than 3,000 P&H Plus Extra retailers and is also due to be rolled out to Nisa’s retail estate following successful store trials.

Zapper chief executive Gerry Hooper says the company is in discussions with other symbol and convenience groups to bring the technology to more local businesses in the near future.

“The uptake and use of mobile for online transactions and banking is huge,” says Mr Hooper.

“But there’s still so much noise and confusion around mobile payments and I think our job is to educate customers. It’s a transformational time for mobile payments in general.”

## Customer loyalty and data collection

As well as providing quick and easy methods of payment, Zapper’s Gerry Hooper adds the app also allows retailers to record in-depth data on the shopping habits of their customers – something he believes is becoming a necessity for independent stores to

maintain shopper loyalty.

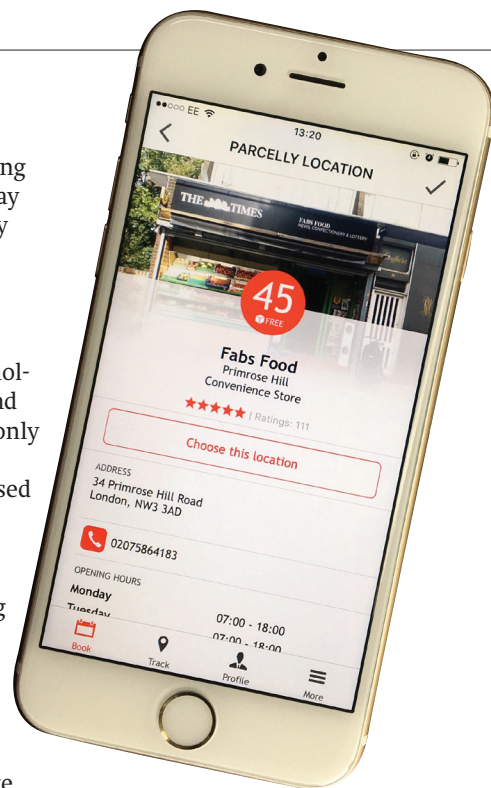
He says Zapper provides participating retailers with a bespoke customer relationship management (CRM) system that they can use to access data from Zapper transactions from their back office. This provides information such as the type of customers that are visiting, their basket spend and how often they shop.

“This kind of data capture technology is becoming more relevant for the independent and convenience sector given their appetite to get to know their customers better,” says Mr Hooper.

“We created a product that when you scan and pay at the point of sale, that captured data allows retailers to see in greater detail who they’re shoppers are, how often they shop, their age, average basket spend and so on.”

Mr Hooper adds retailers can use this data to create personalised promotions and digital vouchers that can be pushed directly to Zapper users’ phones.

In addition, the Zapper app also prompts shoppers for feedback about their shopping experience following every transaction, something Mr Hooper believes will act as a powerful tool for independents to analyse and improve their stores.





“Consumers are attracted by store look and feel and if you can create an environment that the shopper feels good about while adding value with quicker payments, digital vouchers and so on, then they will come back for more because they have enjoyed that experience.”

Anish Keshwara, who runs four Keshco Nisa stores around the Peterborough area, has integrated Zapper with his EPOS systems and is due to go live with the technology at the end of next month.

He says: “The data and insight we’ll be getting from Zapper will be really useful and it will be interesting to see the kind of feedback we’ll be getting from customers.”

“The loyalty side of it is also interesting, and we’ll be looking at ways to use Zapper to recognise and reward shoppers for spending in store.”

Meanwhile, symbol group Simply Fresh has been using its partnership with online retail platform Cornershop Online to trial a new digital loyalty scheme at its flagship University of Surrey store.

Shoppers with the app can create QR codes on their phone and scan these to accumulate loyalty points with the store. At the same time, the app allows the store to capture extensive data on customers’ basket spend and buying habits.

Purdeep Haire, director of Cornershop Online, describes the technology as “Tesco Clubcard but within convenience”, adding this will present new sales opportunities for both retailers and manufacturers.

He adds: “When you look at data analysis within the

## PayPoint group marketing director Steve O’Neill discusses the importance of keeping up with the latest retail technology

### What do you see as the biggest current trends in retail technology?

From a retailer perspective, a surprisingly small number of independents have EPOS – there is a big barrier on cost and competing investment priorities but the benefits are significant. There are also numerous trials happening with Beacon technology but it’s relatively early days – using future proof technology, we’ve built the functionality into our new platform, PayPoint One, so that it can be enabled for retailers to take advantage of in the future.

### What have been the biggest developments in technology targeted specifically at independent and convenience retailers over the last 12 months?

Designed specifically to target independent and convenience retailers, PayPoint One will give corner shops access to the same type of technology that supermarkets use by offering EPOS, card payments and PayPoint services, and is designed to help retailers run

their whole store from one device. Our new platform provides access to the crucial technology that corner shops need grow their business, and allows complete flexibility and control for their owners, enabling them to run their whole store from it

### What are your views on the state of and level of investment in technology in the independent, convenience and wholesale markets? What is being done well and what could be improved?

Independent retailers have modest budgets to invest in their stores each year, typically around £7,000-£8,000, and there are many competing demands for that money; whether it’s refrigeration, LED lighting or general store improvements. Technology often gets knocked down the list, which is why we’ve taken the decision to have no upfront cost for our new platform, PayPoint One, so that more retailers have the opportunity to benefit from EPOS.



### What do you see as the biggest future trends in retail technology over the next 12 months?

Contactless payments will remain an important trend and are a must for modern convenience stores to meet shopper expectations. In fact, 20% of customers now feel annoyed with the store if they can’t use contactless to pay and this will only grow. Also important is retail technology that brings the best of consumer functionality into the store environment – tablets, touch screen, cloud-based, advanced connectivity – all key features of our new platform, PayPoint One.

convenience sector, it’s non-existent. But now Simply Fresh has a real opportunity to have a one-on-one conversation with their customers.

“We can match baskets down to individual customers, we can do heat maps of where shoppers spend most of their time in the store, and find out which customers haven’t bought a

Lucozade product for three months so Lucozade can then send them a voucher for a free bottle.”

Other retail groups and suppliers are also using mobile and digital technology to build closer relationships with their customers.

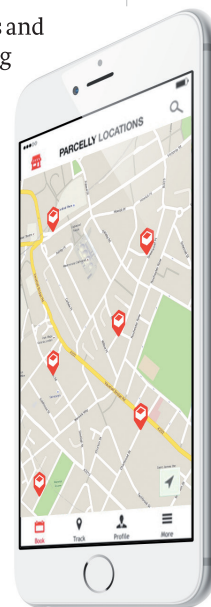
Today’s Group is currently working with technology supplier bigDL to install beacon technology in its stores, which allows retailers to push digital promotions at shoppers with the bigDL app when they pass by participating stores.

Newspaper publisher News UK

has also partnered with bigDL and has helped introduce the technology to more than 700 independent stores.

Greg Deacon, head of retail trade marketing at News UK, says the app is ensuring independent and convenience retailers become the preferred shop of choice among local customers.

“The bigDL app covers all kinds of businesses – from food and drink retailers to electronics stores – but we have found that just over 50% of customers using the app have selected participating newsagents and convenience stores as their home store on the app.”



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Meanwhile, PayPoint's Steve O'Neill says the company is helping retailers keep track of sales patterns and shopper buying habits by offering an integrated EPoS system with its new PayPoint One platform, which also combines bill and card payment facilities on a single terminal.

He adds: "PayPoint One is a flexible platform that will continue to grow and add more functionality over the next 12 months.

"We'll be adding more versions of our EPoS platform to offer sophisticated stock management and supplier integrations next year. In addition, we'll continue to seek retailer feedback on what they would like to see on the platform to feed into our plans."

## Digital and social media

While new technology such as digital apps and contactless payments represent additional ways for independent retailers to grow trade, Anx Patel, chief executive at retail ordering app GoKart, claims local stores should also be taking full advantage of existing technology such as digital and social media websites to promote their businesses.

He says: "We have shoppers now who have grown up with sites like Facebook, Twitter and Snapchat. It is now part of

many people's daily lives, so this is something that is becoming more and more important for retailers to focus on.

"I am seeing more retailers getting engaged with their customers on social media – taking selfies with them, offering exclusive deals and so on – and that can

### Mandeep Singh of Singh's Premier offers his top tips to grow footfall and sales using social media

- "Don't share news links and stories that are irrelevant to your business."
- "Be active on social media every day – people are always clicking on Facebook and Twitter so why would you just make four posts a year?"
- "Have a clear-cut message – people only view posts for a couple of seconds so you have to get their attention quickly."
- "Include pictures of yourself, your staff and your store on your posts – it adds a bit of character and shows people exactly who they're shopping with."
- "Get the community involved – we regularly include pictures of our shoppers with our Facebook and Twitter posts."

only be a good thing to build better relationships."

His thoughts are echoed by Store Excel's David Gilroy, who claims all business owners should have a presence on social media.

He says: "Retailers can use social media to get closer to their



Mandeep Singh

recently had two kids who were getting involved with Guy Fawkes outside the shop.

"We asked if we could post a picture of them on social media and told our followers that if we got 100 likes, we would give the kids a free hot drink from our Costa machine. If we got 200 likes, we said we would treat them to lunch. In the end, we got a total of 348 likes."

Digital and social media is also seen by manufacturers and suppliers as a powerful tool to engage more closely with independent retailers.

News UK's Greg Deacon says the company has adopted a new "digital contact strategy" with retailers, with each member of the company's field sales team having their own dedicated Twitter page to enable quicker and easier communication with newsagent and convenience store owners.

"More and more retailers are adopting social media and a lot of their business decisions are now being influenced from an online perspective rather than face-to-face meetings," says Mr Deacon.

News UK also launched News Retail Plus in July, a dedicated website providing tools, resources and advice for news sellers.

The site, which now has more than 3,000 registered users, offers exclusive deals and promotions and includes features such as a 'help portal' that enables retailers to report any home news delivery or newspaper issues directly to News UK.

Mr Deacon says: "Retailers using the website will have someone at the end of the phone if

customers by getting their offer out at short notice. For example, community initiatives and sales events can be communicated rapidly and to large numbers quickly and at low cost."

One retailer who has been harnessing the power of social media is Mandeep Singh, owner of Singh's Premier in Sheffield.

Mr Singh and his team post daily updates on their stores' dedicated Facebook and Twitter pages, including product promotions, community events and updates on changes to their three convenience businesses.

Mr Singh says social media has been an effective tool in building closer ties with his local community and encouraging repeat visits from shoppers at very little expense.

"Social media is great for connecting with customers. It costs us nothing to do and it helps grow awareness of the business.

"To give an example, we



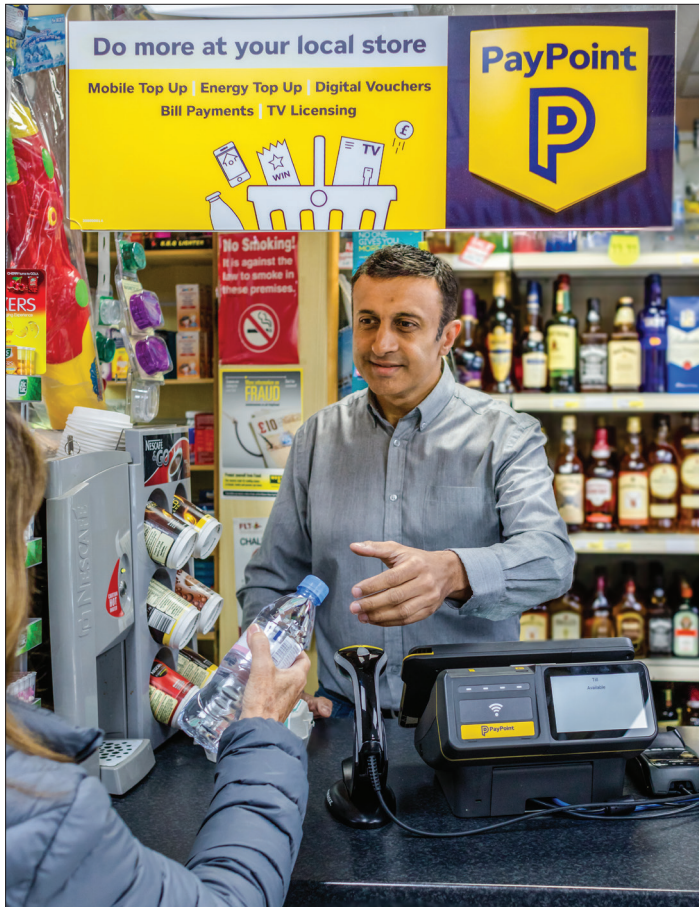
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they have missing deliveries or problems with vouchers, for example, and can be put through to a qualified agent at our end to help deal with their problem. It's a 24/7 service now."

Meanwhile, Nelly Khumalo, digital development manager at Spar, says the company has been building the presence of its stores by adding their details to online business directories including Google Business and Bing Local.

She adds: "A lot more purchasing decisions are started on mobile. This could be a search for a product on a search engine or the viewing of a post on social media."

Ms Khumalo also encourages other independent retailers to "get more comfortable" with social media to help them grow awareness of their stores among switched-on shoppers.

"If a retailer is running special promotions that are specific to their local community like Diwali, social media like Facebook, Twitter and Google Plus is a great way to shout about what they're doing. The advantage that a local retailer has is that they are able

to engage online with people who visit their store."

### Click and collect and online deliveries

As the big four supermarkets look set to battle Amazon Fresh for dominance in the delivered grocery market, many convenience retailers may think this is an area where they will struggle to compete against larger competition.

However, GoKart's Anx Patel says there are opportunities out there for independent stores to offer click and collect and online deliveries on a more local level.

"Not many people out there think they will be able to get a Tesco delivery within an hour of ordering but that is the big opportunity for independent and convenience stores to consider offering smaller 'micro deliveries' to customers."

Sheffield retailer Mandeep Singh has been attempting to fill this gap in the market by working with Booker to launch his own dedicated digital app, which allows shoppers to place online grocery orders through

his Singh's Premier business.

Customers can use the app to place click and collect orders or receive free delivery if they spend a minimum of £20.

Mr Singh says he was inspired to launch the app after seeing a growing number of Sainsbury's and Morrisons delivery vans passing his business.

"While we may not be able to do deliveries on the scale that they're doing, the USP we have over them is that we can turn an order round in 10 minutes. The supermarkets can't do that."

Five weeks after launch, Mr Singh says the app has been downloaded 816 times, with the average basket spend on online orders standing at a very healthy £18.58. He says this is around three times the size of his average store basket spend, which stands at £6.48.

"We had 51 orders one week to the value of £967," he adds. "A lot of people using the app are buying bulk items like washing powders and non-food

also letting them know that there is another option available to them.

"It's not a box-ticking exercise – it's about adding value to our business and taking it to the next level."

Other companies are also utilising click and collect to help develop additional retail services beyond grocery. Parcelly, a start up firm established in 2014, offer an app that allows shoppers to place online click and collect parcel orders with retailers.

Shoppers can also use the app to choose their preferred or nearest Parcelly operator where they can collect their order from, including newsagents and convenience stores.

Parcelly now counts more than 600 parcel collection sites in the UK and is starting to make more inroads into the convenience sector having signed new partnerships with the likes of Palmer & Harvey.

Sebastian Steinhauser, chief executive at Parcelly, says the



Sebastian Steinhauser

**“The use of mobile-based technology such as Parcelly is creating improved connectivity between suppliers, shoppers and retailers.”**

and snack packs. Offers like Surf 90 wash at £10.99 have been a real winner for us with the app.

"Two thirds of the trade we're doing on the app is coming from new business and we have been trying to push further through social media and leaflet drops."

Mr Singh says the next stage will be to offer exclusive deals and promotions to shoppers signed up to the app, which he will also push on Facebook and Twitter.

"We still want customers to come into the stores but we're

use of mobile-based technology such as this is creating "improved connectivity" between suppliers, shoppers and retailers, something he believes business owners should be taking full advantage of.

"Customers are part of this connected world and they are expecting this in store as part of the overall experience and it is driving better relationships with suppliers and businesses. As such, it is incredibly important for the future success of retail."