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**A Monthly Recap of the developments within the Omnichannel
ecosystem**

May 2014 Edition

About this Report

In a retail environment where traditional consumer shopping norms and habits are being disrupted by the rapid adoption of new technologies, retailers are now, more than ever, looking for alternative strategies to ensure the future viability of their businesses. Some merchants are progressively adopting Omnichannel solutions that create a seamless shopping experience for their customers, allowing them to shop for all products and service whenever and wherever they wish.

This report will, on a monthly basis, document the moves these progressive retailers are making to enable omnichannel across three critical lenses:

Engage the Customer – strategies merchants are enacting to drive customers into their store or online including loyalty programs, contextually relevant offers, and leveraging data to make relevant product recommendations.

Enable the Customer – tools merchants are deploying to arm customers with the ability to shop and buy whenever and wherever they want including apps, enabling payment within the app, location-based services, and the ability to shop and fulfill purchases regardless of channel

Serve the Customer – ways in which merchants are stepping out from behind the counter to deliver enhanced shopping experiences such as mobile-point-of-sale, ability to check inventory in real-time, etc.

The report will also feature industry-spanning statistics and factoids curated by **Vantiv, an industry-leading enabler of Omncommerce-focused merchants**. These statistics and factoids will help to arm retailers (and those who power them) with data to make smarter decisions when considering various options for enabling Omnichannel commerce.

PYMNTS Viewpoint

Enabled by connected devices in the hands of consumers and increasingly in the hands of merchants, Omnichannel is clearly the retail industry's "it" buzzword. At its best, Omnichannel delivers the great promise of consumers moving fluidly between devices and shopping channels, with retailers in lockstep at all times.

It's a reality fueled by the connected devices that consumers now own in multiples. The latest reports on this topic says that, on average, consumers own 3 connected devices with many more owning many more – up to 5. By 2020, that number is projected to be as many as 10 per person, with many of them capable of enabling commerce.

The challenge for retail is to capitalize on this unprecedented opportunity to stay in lockstep with the consumer in real time and add value to their relationship. It's something that all retailers want, but few are capable of delivering today.

Why?

Well, omnichannel is a really a multi-faceted undertaking. Concepts once considered "innovative" like ordering online and picking up in store or even ordering online and returning in store are now table stakes. Using technology and digital wallets to enable consistent payment across channels (without constant re-entry of credentials), being recognized as a loyal customer across channels, having aggregated purchase histories and shopping lists compiled and available across channels are just a few of the things that consumers expect of their seamless retail experience. New technologies are also enabling the delivery of this information in a much more contextual way, at the point in the buying cycle where it has the most opportunity to drive a sale.

This report is the first of a monthly series that will highlight what's happening in the world of omnichannel – who's doing what and how much. It's safe to say that it's still early days, as our activity tracker shows. Perhaps most interesting this month is the mismatch of consumer and merchant assessments of how "omnireadi" they each think the other is. Merchants think that they are much further along than their customers believe them to be, highlighting how what was once considered state of the art is now the baseline. We'll be talking a lot more about how "omnireadi" merchants are in the months to come.

We hope you enjoy this report. If you have comments or additions, please feel free to let us know.

Kind regards,

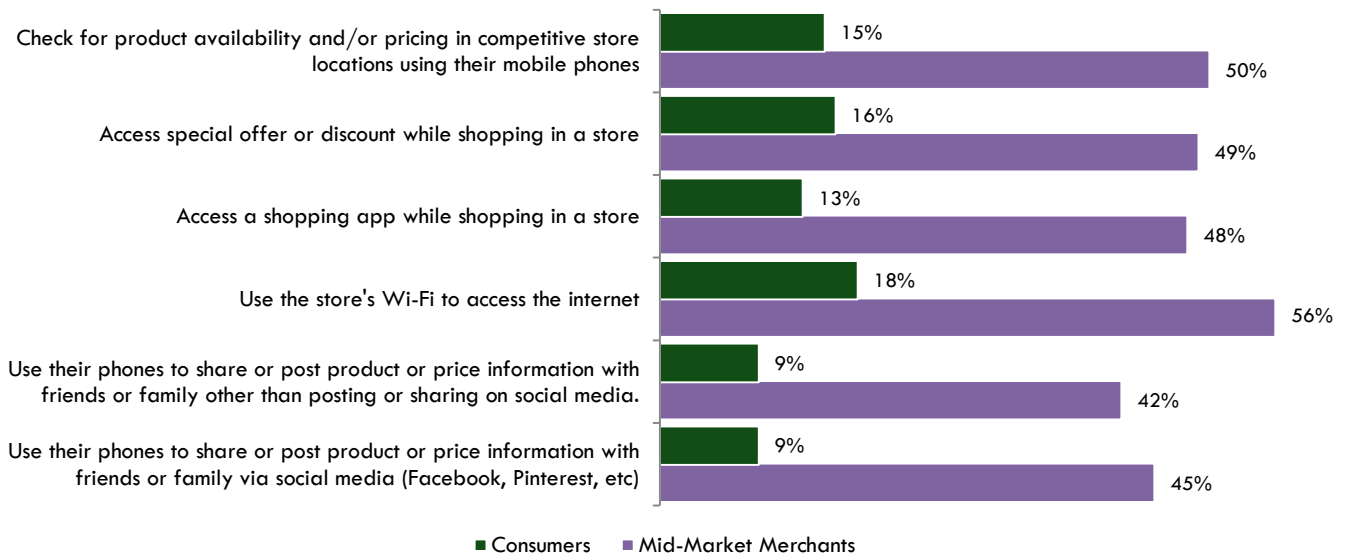
Karen Webster
CEO | Market Platform Dynamics
President | PYMNTS.com

1: Engage the customer

vantiv[™] Insight

Merchant interest in Omncommerce is high, perhaps due to the multichannel nature of these firms. However, as shown via the chart below, merchant perception of their customers' level of mobile engagement while in their stores is significantly higher than what consumers actually report.

Perspectives on Mobile to Drive Merchant Engagement



Source: Mercator Advisory Group/Vantiv

Top Stories

Tools to Engage Consumers. Motorola [showcased](#) several of its new retail solutions in January at the 103rd National Retail Federation (NRF) Annual Convention & EXPO in New York City. Among those on display was the CC5000 Customer Concierge line, a touchscreen self-service platform that gives customers the chance to have an engaging, interactive, and personalized shopping experience. Features include an immediate voice or video call option and a digital “endless aisle” of searchable product reviews, prices, and information. Some others in the exhibit were a touch computer with the ability to capture data like signatures and bar codes to enhance customer service, and a multi-plane scanner/scale to quicken the checkout process at supermarkets, warehouses, and more. These Motorola solutions aim to help retailers meet the needs of omnichannel consumers.

From Loyalty to Omnichannel. [American Eagle](#) is working to link consumers across all channels in addition to focusing on its loyalty program. Digital has increased from 13 to 25 percent of the store's revenue, and a boost in mobile came from its launch of an app-based promotion. However, there lies a challenge in linking customer IDS from mobile and desktop devices, tracking consumers across all platforms. Senior Director of Omnichannel Analytics at American Eagle, David McBride, said that 30 percent of visits to the retailer's site are on a mobile device, and almost 80 percent of emails are opened via mobile. For some time, the store faced a challenge with getting mobile email links right, as well as with customer sign-in on the website. Upon fixing these issues, the American Eagle noticed immediate improvement. And the store, McBride said, is “eager to be innovating” in the omnichannel environment.

1: Engage the customer

In Other News...

Verifone was selected by [GNC](#) to help upgrade its payment network with an EMV-ready device to engage consumers at the POS.

Raley's Family of Fine Stores selected the [Revionics](#) Social Commerce solution for social media rewards program *Extra Friendly*.

[Starmount](#) announced the release of its latest advanced omnichannel commerce and customer engagement platform.

[Mobiquity Technologies](#) released its SDK to help retailers and brands leverage its shopping mall-based Bluetooth LE Beacon network, the largest in the US.

Research and Markets announced the addition of Javelin Strategy & Research's new report, [SocialMedia Payments: Redefining Shopping for a New Era](#), to their offering.

CashStar released [CashStar 5](#), the next version of its omnichannel digital gifting platform for retailers, restaurants and partners.

LuckyLabs, Inc. launched [Scantopia](#), a smartphone app that rewards users with cash for scanning bar codes.

[NCR Corporation](#) showcased innovative software, software-as-a-service, and retail technology solutions at the 2014 National Retail Federation Big Show Expo.

Startup [LoyaltyLion](#) closed 370K in funding, enabling small e-retailers to run loyalty programs.

Loyalty program leader FanBox changed its name to [DataCandy Software](#), Inc. and launched a website enabling retailers and hospitality merchants to gain loyal customers.

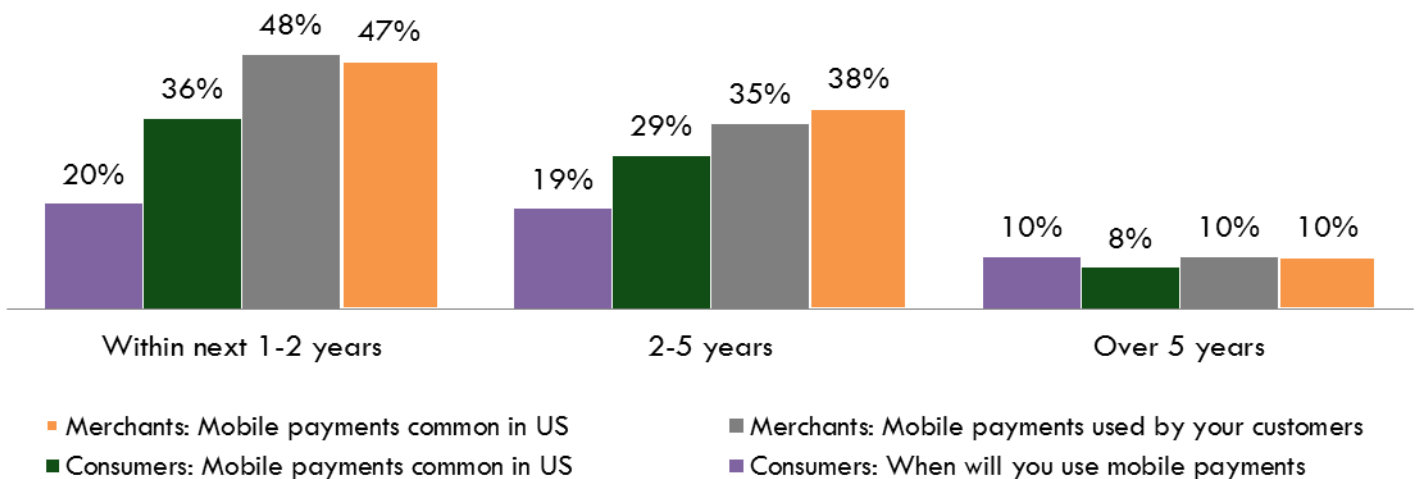
The Social Media Engagement Conference reflected specific interests and concerns of brands, retailers and service providers and featured speakers from [Gulf Bay Consulting](#) (GBC).

2: Enable the customer

vantiv[™] Insight

While merchants and consumers are both bullish on when mobile payments will become more mainstream, they vary widely on just how often we'll see customers waving their phones to pay for something at the POS. 85% of merchants see mobile-based POS payments coming to the U.S. within 5 years, and nearly as many hold this expectation for their customers. By contrast, consumers have lower expectations for mobile payments (49% see them as being common in the US within 5 years), and many more cannot envision themselves using them.

Forecasted Adoption of Mobile Payments at the POS



Source: Mercator Advisory Group/Vantiv

Top Stories

Less Omnichannel Friction Fuels Mobile Payments. Mobile [payments](#) are here to stay, and will continue to grow with interest increasing about 5 percent each year, according to Forrester research. Mobile wallet providers are focused on removing friction out of the omnichannel commerce experience, which will fuel the growth. Banks, merchants, platform providers and third-party wallet developers will increasingly introduce mobile wallets. Growth of mobile payments in the U.S. will be driven by proximity – in other words, if a customer is shopping in a store that offers a mobile wallet, that person will most likely use it. Overall, there is a mobile mind shift, as payments have evolved from fixed POS to ecommerce to mCommerce. Mobile is creating influential payment shifts.

2: Enable the customer

Mobile Apps Offer Online Catalog Access. When it comes to creating an omnichannel shopping experience, [Toys “R” Us](#) focuses on mobile. The retailer launched a new app in March that allows parents to search specific products and purchase items from the Babies “R” Us print catalog, directly from its website. With a few quick clicks or scanning using a smartphone, consumers to make a purchase, during which the retailer the app redirects consumers to the ecommerce site to complete the purchase online. Toys “R” Us hopes to use this app to drive to traffic to its website. The store also streamlined its coupon redemption process with a mobile ad campaign that allowed shoppers to easily save limited-time offers using the Apple Passbook, another method of enhancing consumer engagement.

Partnerships Aim to Link Customers. Payments processing service [Vantiv](#) announced a new business payments partnership with Microsoft. Vantiv will integrate its mobile POS-based payments processing solution with the Microsoft Dynamics business suite, Retail Customer Experience reported on Jan. 14. According to Wayne Morris, corporate vice president at Microsoft Business Solutions, Vantiv hoped the partnership would help businesses “create the personal, differentiated interactions that seamlessly connect them to their customers.” The deal was announced at the National Retail Federation’s Annual Convention & Expo in January.

In Other News...

[Birchbox](#), seller of beauty products, becomes the latest to step out from web with a physical store in Manhattan, joining other ecommerce-first retailers such as Warby Parker and Bonobos following the path from cyber to cement

iMobile3 partnered with [Ingenico](#) to change the way merchants engage with consumers, offering a hub for frictionless mobile payments at the POS.

[Vantiv](#) partnered with AT&T to enable faster consumer transaction times for mobile payments.

Jefferies electronic payments summit called [Apple](#)’s mobile wallet and the changing needs of retailers “wild cards” in the mobile wallet game.

[Viableware](#) unveiled an updated version of its RAIL pay-at-the-table solution device that allows for EMV smart card payments.

Smartprocess app provider [Kofax](#) announced a new mobile app for gift card balance inquiries based on the Kofax Mobile Capture Platform.

[eBay](#) upgraded its mobile app to enhance browsing, shopping, and selling experience and increase customer engagement.

Rogers Communications launched its [NFC](#) technology-based suretap wallet app in Canada, giving consumers the ability to store credit and debit cards in digital form.

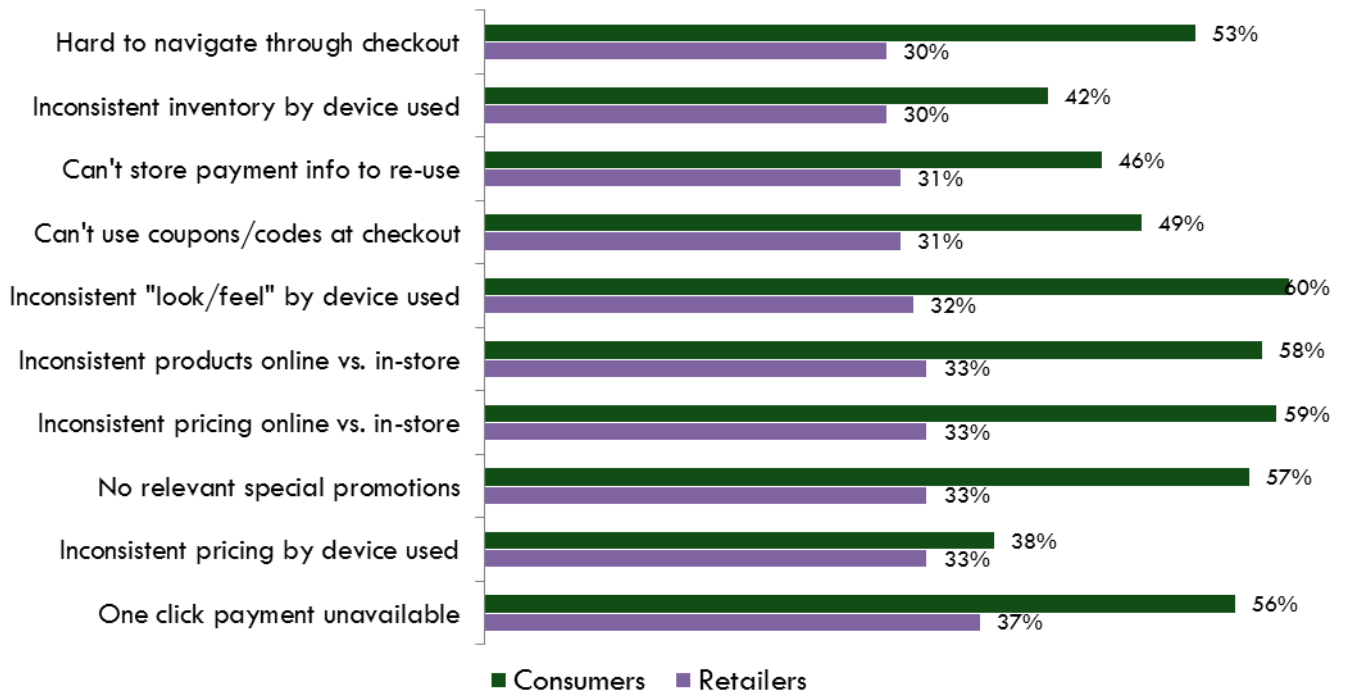
[Apple](#) was rumored to be looking into mobile payments after it introduced the Passbook.

3: Serve the customer

vantiv[™] Insight

Online retailers underestimate the drawbacks consumers experience with eCommerce. eCommerce has been a mainstay sales channel for years, yet consumers report that their experiences fall short of expectations. SME retailers, asked to think about their customers' eCommerce experiences, consistently underestimate the deficiencies found by consumers in their online purchasing. Particularly notable, from the standpoint of omnichannel, is the inconsistent look and feel by device used to access eCommerce sites, noted by 6 in ten online consumers, versus one third of retailers. Larger online retailers are somewhat more likely to acknowledge pricing problems, such as inconsistent pricing depending on access device, inconsistent pricing versus stores, and inability to access promo codes/discounts at the checkout page.

Consumer Experiences when Shopping Online



Source: Mercator Advisory Group/Vantiv

Top Stories

Managing Inventory, the Omnichannel Way

Men's Wearhouse launched an [omnichannel](#) inventory program that makes it easier for its employees to better to serve customers using a new mobile app called "Find-It." The app will let Men's Wearhouse employees check inventory levels across the retailer's network and add an item to a customer's order regardless of its location. Employees will get iPads to access the app, which aims to eliminate the time and stress of shopping and enhance the in-store experience for consumers. The Find-It app also leverages the store's website in searching for inventory information. Looking ahead, now that Men's Wearhouse is providing employees with iPads, it can also develop other apps to boost in-store customer service.

3: Serve the customer

The Global Expansion of mPOS. Thai customers who order delivery service at [McDonald's](#) are able to pay by credit card using a mobile device, furthering the food chain's mobile payments integration process. McThai, which operates McDonald's in Thailand, predicts that the expansion will help delivery service rise by 30 percent. Cashless payments are expected to increase by 10 percent to 20 percent. The Thai expansion is just part of the international fast-food giant's push toward greater mobile flexibility.

In Other News...

Gap reports a "[doubling down](#)" on Omnichannel during its annual investor meeting

Cloud-based ecommerce solution provider [ChannelAdvisor](#) announced its support for Google Merchant Promotions, which Google Product Listing ads with discount offers.

[Shopify](#) launched an updated iOS app that allows U.S. merchants to accept cash or credit card payments inside the app and send receipts directly to customers at physical stores.

[PayPal Here](#) expanded to Australia, helping SMBs accept credit card payments more easily.

Six-year-old POS software company [ShopKeep](#) announced plans to expand to NYC after having been able to finance \$25 million.

Deckers Outdoors Corporation implemented [VeriFone](#) mobile retailing hardware and software to fulfill its omnichannel initiative.

Tevis Oil Company selected [NCR Corporation's](#) Radiant POS technology to improve service and reliability at its Jiffy Mart convenience store chain.

Equifax, Inc. partnered with Jumio, Inc. to develop cloud-based solutions to better the [mPOS](#) experience for retailers and consumers.

[GuidanceSoftware, Inc.](#) announced that its EnCase security software products could support POS terminals.

GfK and Silverado Business Systems [partnered](#) to expand POS data coverage in the farm store channel.

[eThor](#) built an API to help mobile developers hook into multiple merchant POS systems.

The German bakery chain Stangengrüner Mühlenbäckerei used [NCR's](#) software and hardware solution to modernize its POS infrastructure.

[CumminsAllison](#) explained how technology could help meet retail customer demands, boosting profitability and efficiency.

[SAS](#) elaborated on how its retail analytics is the nervous system that brings omnichannel to life.

About PYMNTS

PYMNTS.com is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of payments and commerce and make news.

This powerful B2B platform is the #1 site for the payments and broader commerce ecosystem by traffic and the premier source of information about “what’s next” in payments. C-suite and VP level executives turn to it daily for these insights, making the PYMNTS.com audience the most valuable in the industry. It provides an interactive platform for companies to demonstrate thought leadership, popularize products and, most importantly, capture the mindshare of global decision-makers. PYMNTS.com where the best minds and best content meet on the web to learn “What’s Next” in Payments and Commerce.

About Vantiv

Vantiv, Inc. (NYSE: VNTV) is a leading, integrated payment processor differentiated by a single, proprietary technology platform. Vantiv offers a comprehensive suite of traditional and innovative payment processing and technology solutions to merchants and financial institutions of all sizes in the U.S., enabling them to address their payment processing needs through a single provider. We build strong relationships with our customers, helping them become more efficient, more secure and more successful. Vantiv is the third largest merchant acquirer and the largest PIN debit acquirer based on number of transactions in the U.S. The company's growth strategy includes expanding further into high growth payment segments, such as integrated payments, payment facilitation (PayFac™), mobile, prepaid and information solutions, and attractive industry verticals such as business-to-business, ecommerce, healthcare, gaming, government and education. For more information, visit www.vantiv.com.