# Deloitte.

## Why Wi-Fi?
## In-store engagement with the constantly connected consumer

It's easy to build a case for having Wi-Fi in stores. First, customers are increasingly becoming more connected. Second, phone signal strength in retail stores is generally limited. Wi-Fi can offer a host of opportunities for retailers to upgrade the customer's in-store shopping experience by creating or improving personal device connectivity, which can improve sales and add to the company's bottom line. With Wi-Fi, the second a shopper walks into the store, the point of sale expands from the register to the customer's smartphone. As a result, the retailer can more closely and promptly engage the customer with its brand offering. Yet many retailers today are still missing out on this opportunity to increase customer engagement and conversion, and thus sales, because they have yet to install or enhance Wi-Fi in their stores.

Consumers today understand the value of information. It puts them in control. While most consumers have numerous access points to information, increasingly consumers are relying on smartphones, mobile devices, and the Internet. Retailers, for their part, are coming to understand the value of assisting consumers in their quest for information. Emails, Facebook pages, location-based marketing, and in-store Wi-Fi are just a few of the ways that retailers are now connecting with consumers, sharing information with them, and facilitating the purchase decision.

Wi-Fi in particular enhances the consumer's ability to stay connected anytime and anywhere . Although most mobile Internet access today is through smartphones, newer devices such as tablet PCs and e-readers are starting to provide consumers with even greater access to information through mobile channels. Wi-Fi is quickly offering a new experience for in-store shoppers. Additionally, as more phone carriers move to a pay-per-use model, portable wireless connectivity will likely become more popular with consumers.

These statistics may explain why retailers should be Wi-Fi-enabling their stores:
- eMarketer projects 85.5 million US mobile Internet users, 29% of the population, in 2010, and 101.1 million users, 32%, in 2011[1]
- Morgan Stanley predicts that by 2013 mobile devices will overtake PCs as the preferred way of accessing the Internet[2]
- Smartphones will outnumber PCs in number of units shipped worldwide by the end of 2011, according to an analyst at RBC Capital Markets[3]
- Online research is influencing 46% of total US retail sales in 2010, according to Forrester Research[4]

- According to IHL Group, 41% of smartphone users have checked competitors' prices on their smartphones while in a retail store either with Amazon, Red Laser, or other comparison engine[5]
- The National Retail Federation expects that in 2015, shoppers worldwide will use their mobile phones to purchase $120 billion in goods and services[6]
- IHL Group reports that 54% of retailers surveyed say that within 12 months they will be able to scan in a coupon from a mobile device's screen[5]
- Deloitte's technology group predicts that in 2011, 25% of North American big box and anchor tenant retailers will begin offering free in-store Wi-Fi access to shoppers[7]
- According to Chain Store Age, shoppers who use their mobile device in-store are 6% more likely to make an in-store purchase[8]
- Groupon, the group-buying mobile coupon provider, sold 445,000 coupons in one day for half off a $50 purchase at a large apparel retailer. The mid-2010 offer was Groupon's most successful to date, and generated $11 million in sales according to the company[9]
- Deloitte's 2010 consumer surveys[10] have highlighted how shoppers today are using technology:
  - 75% of respondents said they search online for product, price, or store information before or during shopping in a store
  - 51% said they had been favorably influenced to purchase a product as a result of a consumer-written online product review
  - 29% said they expected to use their mobile devices as an aid when doing their back-to-school shopping

Wi-Fi can enable the in-store shopper through its commerce capabilities. Increasingly, the case is being made that the mobile Internet can convert shoppers into buyers. Thus, in-store conversion, as it relates to a well-implemented, reliable Wi-Fi experience – with no dead zones – becomes an even more important metric for retailers. A richer mobile experience can lead consumers to make more informed, immediate purchase decisions. It also can offer a personalized shopping experience to consumers through immediate interaction with the retailer.

Wi-Fi is particularly helpful in facilitating the impulse buy. Sending a quick "sale" offer to a shopper's smartphone while they are in the store – or allowing the shopper's smartphone's barcode reader to find a product rating – can finalize a purchase that might otherwise not have taken place. Through Wi-Fi and the shopper's downloaded applications, the retailer can better engage the shopper and more favorably influence the decision-making process.

Retailers can also utilize Wi-Fi to collect data, including email addresses, from in-store shoppers. Although there may be privacy issues involved, retailers will likely be able to increase the amount of information obtained, perhaps correlating some of the data to in-store or online purchases to better understand the purchase process of consumers.

Consumers often have difficulty obtaining Internet access in stores, but this problem often can be easily solved by adding Wi-Fi routers or other devices in the store. Installation is usually relatively uncomplicated and inexpensive. One recent study from North Carolina State University found that a store's ventilation ducts provide an inexpensive partial solution to boosting Wi-Fi signals. However the issue is resolved, retailers should ensure that the system is properly set up and addresses any identity theft or other privacy concerns.

Despite the low costs involved, some retailers today are wary about making Wi-Fi available in their stores. They argue that allowing access to price comparisons or product ratings inside the store can lead to lost sales. However, this belief is quickly changing. Retailers are realizing that the convenience factor often wins over consumers who, because of the in-store Wi-Fi, quickly research the information they're looking for and decide in favor of the store they're in, even when prices might be somewhat lower elsewhere. And, often, retailers are willing to match prices when the shopper brings a lower price to the attention of the store manager. Thus, for consumers, the immediacy of their in-store experience generally provides a favorable outcome for the retailer.

One widely reported news story in mid-2010 was the announcement from a large warehouse club chain regarding the installation of Wi-Fi in its stores. The retailer noted that it was providing Wi-Fi in part to allow its customers to compare prices online through their smartphones. Additionally, consumer electronics retailers are adding Wi-Fi to their stores to better demonstrate products, particularly Internet-connected TVs.

**A sampling of in-store Wi-Fi opportunities**

**Retailers**

- Detect location in store
- Access purchase history
- Send text messages
- Location-based marketing/ads
- Multi-channel options
- Offer in-store product location
- Enhanced Customer Relationship Management (CRM) data

**Shoppers**

- Enables smartphone barcode readers
- Price comparison shopping
- Find product information
- Review product ratings
- Access shopping lists
- Download relevant apps
- Try out internet-related products
- Access discounts
- Mobile check-out, payments
- Access loyalty programs

Providing Internet access in the store can allow retailers to more readily offer customers information on past purchases, current sales, coupons, or even instant contact with the retailer. It also allows the retailer to provide on-the-spot, personalized marketing messages to the in-store shopper.

Wi-Fi enables a retailer to match the smartphone-carrying customer with her prior purchase history and offer her personalized service and deals that make her shopping experience easier. It, therefore, can strengthen the relationship with the in-store shopper.

Wi-Fi can also facilitate the multi-channel shopping experience. While in the store, shoppers can purchase online if they so desire. It also allows quick access to an "endless aisle," where shoppers can purchase a size or color online that is not available in the store, thus keeping that shopper from going elsewhere. In fact, access to the mobile Internet by shoppers creates an "omni-channel" shopping experience because this always-connected consumer can be in the store, on her mobile device, researching prices online, looking for inventory in other stores (perhaps using the store's kiosk), then buying on the retailer's website. The possible channels for customer interaction grow exponentially.

The benefits of everywhere connectivity through Wi-Fi-enabled stores can accrue to both the shopper and the retailer. In most cases, the benefits can far outweigh the cost of installing Wi-Fi. Shoppers gain access to information through their smartphones or other Internet-connected devices, and so do retailers. Assuming opt-in conditions have been met, software is increasingly becoming available which will enable retailers to determine the shopper's location in the store, the product that has just been viewed, and the amount of time spent in a particular area. As a result, retailers can offer various personalized promotions, coupons, and "how can we help you" prompts that engage the shopper, improve CRM tactics, and inspire greater loyalty.

By improving cell phone reception, in-store Wi-Fi can improve a retailer's customer reach, frequency of contact, and conversion. Thus, a mobile-optimized shopping experience can create a winning strategy for both retailers and their customers.

In short, why not Wi-Fi?

**Authors**

**Kasey Lobaugh**
Direct to Consumer Practice Leader
Deloitte Consulting LLP
Tel: +1 816 802 7463
Email: klobaugh@deloitte.com

**Diane Kutyla**
Deloitte Services LP
Tel: +1 973 602 6442
Email: dkutyla@deloitte.com

**Endnotes**

1  "7 key trends mobile marketers need to know: eMarketer keynote," Mobile Marketer, September 14, 2010

2  "Internet Trends," Morgan Stanley, June 7, 2010

3  "Smartphones set to outstrip PCs within 2 years," Techworld.com, August 24, 2009

4  "US Online Retail Forecast," Forrester Research, as cited in Internet Retailer, March 8, 2010

5  IHL Group, November 2010

6  National Retail Federation, "Mobile Retail Initiative," April 2010

7  Deloitte 2011 TMT Predictions, January 2011

8  "State of Industry Report," Chainstoreage.com, September 2010

9  "Groupon Launches National Deal with Gap, Selling 10 Groupons a Second," TechCrunch, August 20, 2010

10  Deloitte 2010 consumer surveys: (1) Consumer Shopping Survey, May 2010, (2) Consumer Shopping Survey, May 2010 (3) Back to School Survey, July 2010

**Visit Deloitte.com**
To learn more about our services, visit us online at www.deloitte.com/us/Retail. Here you can access our complimentary Dbriefs webcast series, Deloitte Insights podcast program, innovative and practical industry research, and a lot more about the issues facing retailers from some of the industry's most experienced minds.