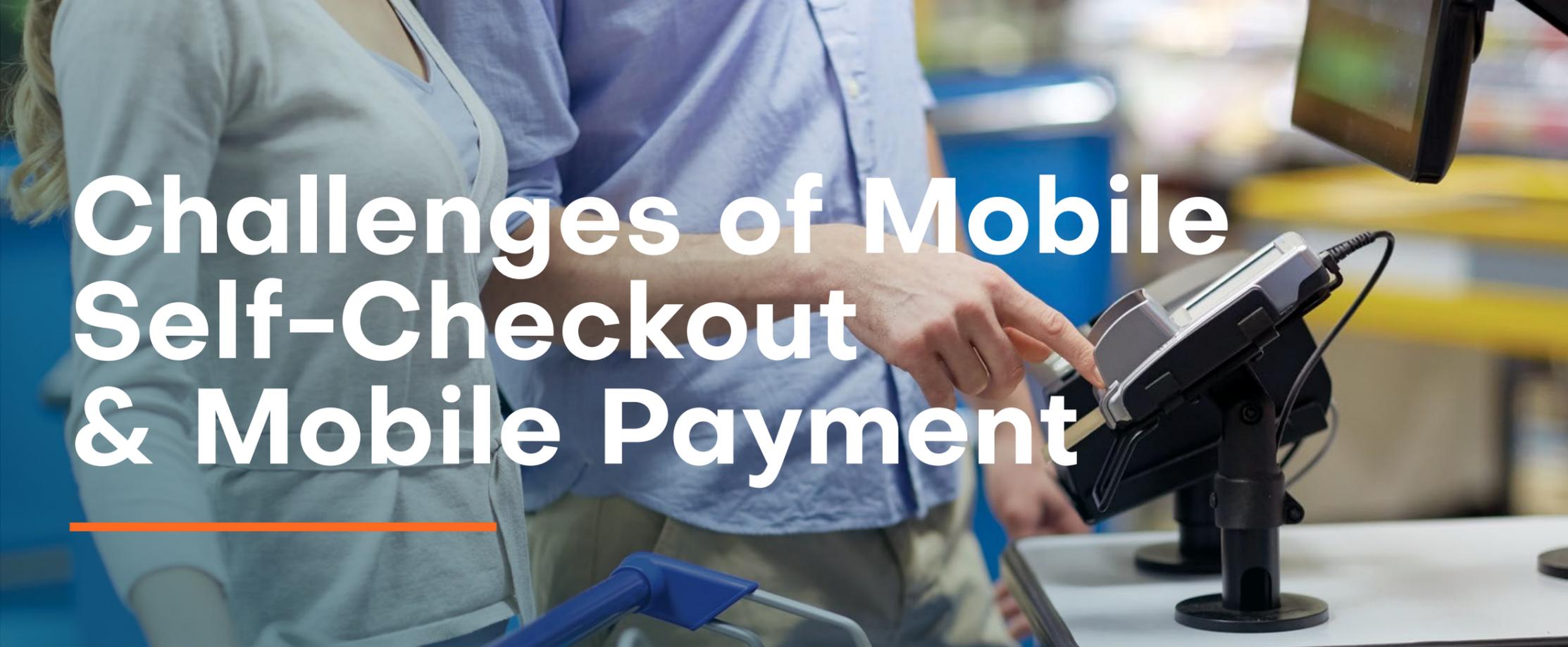


White paper
Mobile Shrink

Challenges of Mobile Self-Checkout & Mobile Payment

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The Mobile Commerce Challenge

Retailers have a big problem! Gone are the days when customers shopped at brick-and-mortar stores because they needed to. Now, they only shop in them when they want to. Said differently, the rise of online retailing has changed the industry landscape forcing retailers to focus on the customer experience rather than just the products they sell.

So, what are retailers doing about this problem? Deploying Mobile Commerce solutions, such as mobile self-checkout. Mobile self-checkout systems are designed to give customers a hassle-free shopping experience. These solutions allow consumers to skip the checkout lines and kiosks by turning their smartphone into their very own POS system. In some cases, customers can do this without even downloading an app. Loss Prevention and Asset Protection (LP/AP) executives cringed at the thought of mobile self-checkouts when the idea first began to circulate in the retail industry. They feared shrink would increase.

They were right.

Cutting Edge vs. Bleeding Edge

On April 23, 2018, Jamie Grill-Goodman published an article for RIS News entitled, Walmart’s New Mobile POS Tech is Making Spring Easier. On February 13, 2019, the same author published an article for the same publication entitled, Theft Helped Walmart’s Decision to Checkout of Cashierless Checkout Technology. In the article, Grill-Goodman reveals Walmart cancelled its mobile self-checkout program, called ‘Scan & Go,’ and instead went with an associate-assisted checkout initiative called ‘Check Out with Me.’ According to Business Insider, a former Walmart executive said theft by shoppers was a major reason why Walmart killed Scan & Go after expanding it to more than 100 stores.

Walmart has been diving head-first into new technological solutions for some time, but it seems ‘Scan & Go’ took them from the cutting edge of technology to the bleeding edge. Now that LP/AP executives’ fears regarding increased shrink have been confirmed, where do they go from here?

The History of RFID

The role RFID plays in the retail industry has evolved over a couple of decades. When the technology was first introduced as a way of controlling retail shrink and managing inventory, it was rather expensive. However, RFID has now become the must-have technology for retailers hoping to compete in this new world of mobile commerce. In order to understand how this happened so quickly, one must first understand the history of RFID.

Patented in 1948 by scientist and inventor Harry Stockman, it wasn’t until 1963 when inventor RF Harrington formulated new RFID ideas, including scattering data and information. Building upon that accomplishment in 1966, the first security tags and anti-theft devices were developed using RFID technology for commercial use. Then, in 1973, the first Radio Frequency (RF) identification transponder system was created, giving way for the development of EAS systems used in the retail industry today. However, it wasn’t until 1977 when the first RF identification chips were created that can be inserted, implanted or applied to other products. It is this technology that has continually been approved upon that has led to the RFID revolution we are experiencing today. But is RFID here to stay, or is it just another technological fad?

RFIDefinitely

From 8-track tapes to cassettes, from cassettes to CDs, and from CDs to digital audio files, the last fifty years brought a lot of change. Some may recall Beta videotape systems losing out to VHS tapes, and VHS tapes losing out to DVDs. The list goes on and on. So why should LP/AP professionals jump on the RFID bandwagon? Is RFID just another fad to be replaced by something simpler and cheaper?

Although no one can predict the future, it's important to note that in 2005, the RFID market was valued at about \$1.95 billion. Although that is a sizable valuation, the RFID market has recently been valued at roughly \$11 billion – and growing. Market growth trajectory has always been a predominant KPI for measuring a technology's stay-power, so RFID is here to stay. In fact, most industry experts believe that RFID will likely be ubiquitous within the next 20 years.

The Role of RFID in Retail

“Retailers who are deploying RFID are expecting sales growth increases that are 294% higher than those who do not.”

This may be a shocking statement to some, but it comes from a premier global research and advisory firm that specializes in technologies for the retail and hospitality industries. When answering why retailers have been pressured to adopt RFID and mobile commerce, IHL Groups said it best: *“In a market where consumers that once HAD to shop now must WANT to shop in stores, improving the customer experience is paramount to survival for many retailers, let alone success.”* Because of this Need/Want paradigm shift, LP/AP executives have been handed a seemingly less-than-favorable hand to play. Rarely are retail executives consulting their respective LP/AP executives when deciding whether or not to implement mobile commerce solutions, such as mobile self-checkouts. Instead, LP/AP executives are being told the implementation is happening, and they are being asked to make sure that shrink doesn't increase.

With this type of mandate, many LP/AP executives are struggling to learn as much as they can as quickly as possible about available solutions to help them mitigate loss brought by mobile commerce.

How RFID Solves Mobile Commerce Woes

Although getting in on the ground floor of a new technology or business venture isn't always a good idea, allowing an RFID partner to get in on the ground floor of a retailer's mobile commerce initiative is. By partnering with a knowledgeable RFID technological organization, such as Nedap Retail, all of the pitfalls that retailers tend to experience without such a partner will never come to fruition. That's because Nedap Retail not only develops RFID solutions for inventory tracking and management, but they also have experience using RFID technology to ensure mobile self-checkouts and other mobile commerce platforms work as intended – without the shrink implications.

The most successful LP/AP professionals understand how RFID technology is the most viable solution to their mobile shrink-causing woes. The final step is partnering with the right subject matter experts to help get the ball across the goal line. Nedap Retail are the right subject matter experts to use as an extension of your team. There is simply too much at stake to head into the mobile commerce frontier alone.

About Nedap

Since the company's founding in 1929, Nedap has been manufacturing and providing smart technical applications all over the world for the challenges of today and tomorrow. Headquartered in Groenlo in the Netherlands, Nedap boasts a workforce of approximately 700 employees and operates on a global scale. The company has also been listed on Euronext Amsterdam since 1947.

Nedap helps retailers permanently prevent losses, optimize stock levels and simplify multi-store retail management processes. For more information, visit Nedap Retail's website: www.nedap-retail.com

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Questions?

We have the answers

Every industry has its own unique challenges and opportunities. Nedap Retail creates unique solutions, geared to your industry, to help you take full advantage of social, mobile, cloud, and analytics as you transform your business.

Contact your local Nedap certified partner www.nedap-retail.com/contact

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