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**A Monthly Recap of the Developments Within the Omnichannel  
Ecosystem**

December 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 services 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 research curated by **Vantiv, whose solutions help merchants make that transition a bit easier**. These insights 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

It's hard to believe that we're nearing the end of 2014.

As we wave bye-bye to the year that we said hello to so many interesting new mobile, payments and commerce innovations, I thought it would be helpful to look back on a few of the developments this year that helped move Omnichannel from a mere industry buzz word to a organizing philosophy that's at the forefront of almost every merchant's forward looking strategy.

### **Mobile**

Of course, central to the strides we've made this past year is the mobile phone and all the things that it can enable in and around a merchant's physical and digital storefront. Analysts predict that there will be nearly 2 billion people using smartphones globally – which is an increase of more than 25 percent over last year. In the U.S., there are 173 million people who own smartphones – representing roughly 72 percent of the population, a number that is expected to reach 75 percent by the end of this year. And it's those smartphones that serve as the catalyst for the many innovations that are blurring the lines between shopping, commerce, loyalty, and of course, payments.

Like, for instance:

### **Beacons**

It's still very early days, but Beacons have and will play an important role in powering the consumer shopping experience in store. For the first time, merchants have the ability to use technology to help them improve sales in their stores before the consumer reaches the checkout counter. There are more than 30,000 different instances of Beacons in the retail environment that have helped merchants serve relevant information and product offers to consumers as they are shopping based on past purchases and their location in the store, to helping merchants understand how merchandising and displays in stores attract – or not – shoppers who come into their stores. And, of course, the ability to “check consumers in” to the store and append their payments credentials and offers in their digital wallets is another way that merchants are wrapping value add around payments and increasing sales at the same time.

### **In-Store Wifi**

It used to be that wifi was synonymous with showrooming and not such an essential part of the omnichannel experience for a merchant. But, with the real incidence of showrooming on the decline, the deployment of in-store wifi is getting a new lease on life as it has shown new utility in turning a lost physical store sale to an ecommerce transaction for the same merchant. Best Buy, Target, and Walmart have all been very progressive – and non-intrusive – in using store wifi to identify when a customer is showrooming in their store and redirect that potentially lost sale to their brand's mobile-optimized website instead.

## PYMNTS Viewpoint

Now, you might think that consumers might react badly – and push and even walk out. But, surprisingly, consumers seem to be very open to the idea, especially if there's a deal to be had. A recent article published by [Forbes](#) reported that 53 percent of consumers are willing to share their current location to receive more relevant advertising and 63 percent of consumers think that a coupon is the most valuable form of mobile advertising.

### **Apps**

Apps are where it's at! Apps are how merchants and consumers can communicate in a way that adds value to the experience and relationship that consumers have with their favorite merchants. Internet Retailer recently suggested that 42 percent of mobile commerce sales [originate via](#) an app. Retailers whose performance in this area was off the charts include Neiman Marcus, Kohls, Victoria's Secret, H&M and Group. The secret? Give consumers good stuff in the app that they can't get elsewhere – so have to keep going back to the app to receive.

### **Mobile Payments**

Of course, 2014 was the year of Apple Pay and the mobile payments launch heard round the payments and commerce ecosystem. Apple Pay has taken the conversation about and intensity around mobile payments to an entirely new level, and created a level of excitement not seen by other previously introduced payments schemes. As you know, Apple Pay has the support of the major payments networks, major issuers, and is accepted in more than 220k merchant locations two months after launch. Since its launch, Whole Foods has gone on record as saying that 1 percent of their transactions are Apple Pay, likely existing customers using phones and not cards, but an interesting benchmark nonetheless. Getting more of that adoption will be tough, as it always is with most new mobile payments schemes. The long pole in the tent is getting consumers into the habit of using Apple Pay, which is, of course, a function of how many merchants more broadly enable it. That is obviously influenced by how many consumers want to use it in their stores and how Apple Pay and merchants make use of the apps, beacons and other tools at their disposal to add value beyond payment to the Apple Pay experience.

### **mPOS**

Mobile point of sale has grown from the dongle that was the way you paid the flea market seller, to the sophisticated tablet-based replacements, to traditional countertop POS terminals. The solutions continue to become more sophisticated and have given many enterprise-grade merchants visions of days where every associate will be equipped with devices that enable them to convert a sale on a moment's notice anywhere in their storefronts.

But, perhaps what's most exciting about mPOS and retail is its ability to create a more engaging and differentiated shopping experience in the store. Sure, the line busting use case is practical (especially at this time of the year!) but mPOS solutions are able to help "mobile" sales associates do inventory checks at other stores, pull up a shopper's history, integrate loyalty programs, and assist a sales associate with more effectively cross-selling other items armed with the data that gives them a deeper understanding of a consumer's shopping histories and preferences.

## PYMNTS Viewpoint

And speaking of experiences, I hope that this holiday season is filled with many memorable ones with family, friends and loved ones. It's been a busy year, and I hope you are able to use the holidays to rest, relax and rejuvenate. I have this funny feeling that 2015 is going to be a monumental year in omnicommerce. And, I look forward to watching it evolve with you over the next 12 months.

Happy Holidays!

Karen

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

## 1: Engage the customer

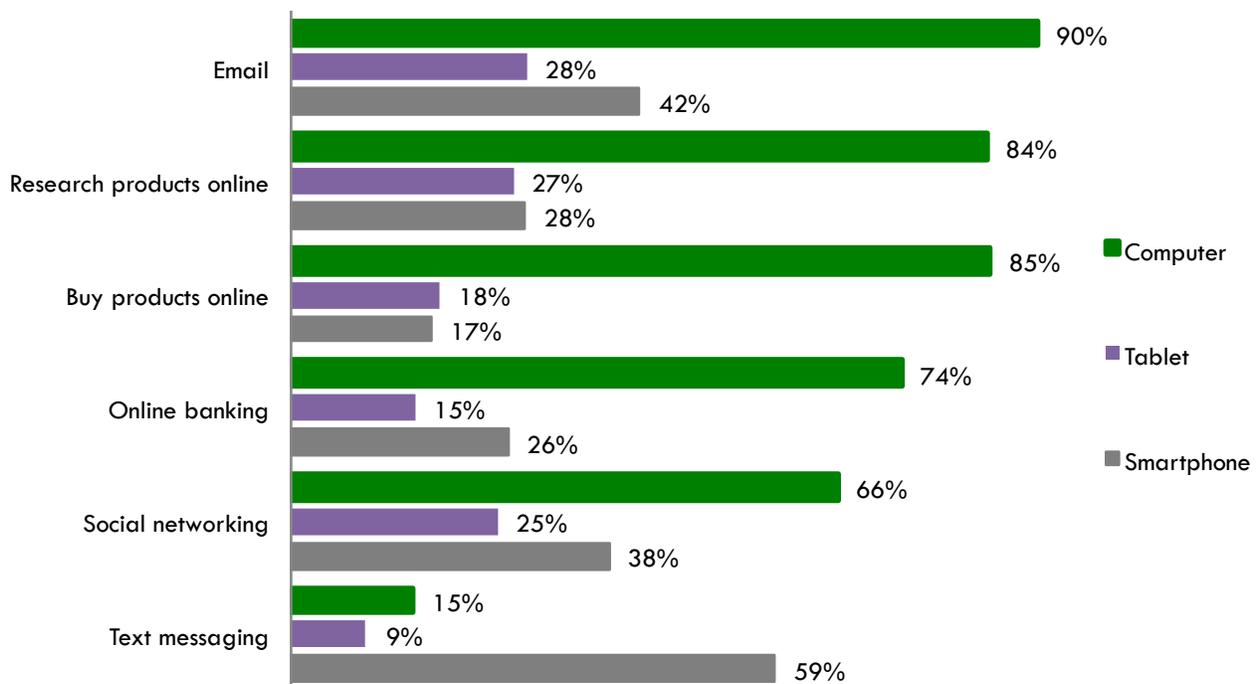
### vantiv<sup>™</sup> Insight

Retailers take notice: This holiday shopping season has been, perhaps, the most mobile yet. IBM reports that smartphone and tablet devices generated 52.1% of all online browsing activity – surpassing PCs for the first time ever and accounting for over 14% in online sales. IBM also reported that mobile’s share of online revenue was up 48% over 2013 – albeit the lion’s share of actual spend (75%), purportedly, still coming from PC based orders.

These findings continue to support Vantiv’s own Consumer Insights Survey Data conducted earlier this year that shows while roughly over 50% of those use their tablets/phones to do online research for products and services, roughly only 35% actually used those devices to actually purchase the product, which includes those consumers who have both devices.

However, despite mobile’s relative share at the moment, the tides are turning, as some of our top stories will exemplify. Progressive retailers in the space have already optimized their sites to support the experiences required by mobile-first shoppers and, in many cases, aggressively working to remove the friction from the last step between browsing and buying – the checkout page.

#### Computing Devices Used by Activity



Source: Mercator Advisory Group/Vantiv

# 1: Engage the customer

## Top Stories

**Digital Interactions To Lead To \$345 Billion In Holiday Retail Sales.** Alongside signs of consumer optimism about their personal finances this holiday season, 24 percent of US shoppers plan to spend more on holiday shopping this year, compared to 20 percent in 2013. Spending on holiday gifts is also expected to average \$718, according to [Accenture](#)'s annual holiday shopping survey. The survey also found that consumer enthusiasm for Black Friday shopping has reached its highest level in eight years. What's more, it indicates that this season will be an online/mobile shopping season – 37 percent planned to shop online during that period using a desktop, mobile device or tablet – up 32 percent from last year. As for the post-Black Friday holiday shopping season, sixty-three percent of consumers said they will use a laptop or home computer to make purchases or assist in holiday shopping (up 16 percent from last year), and 24 percent said they'd use a smartphone to shop, while 36 percent said they would use a mobile device to compare prices. Even better news for retailers – half of respondents said they would be willing to try or definitely use a service that would enable them to pay using their mobile phone at checkout.

Elsewhere, new research from [Dynatrace](#) shows that 37 percent of U.S. smartphone and tablet users said they plan to do more of their shopping via their mobile devices than they will in-stores this holiday season. In addition, 42 percent of mobile users plan to do more shopping on their mobile devices this season than they did last. [Deloitte](#)'s holiday shopping survey also says that shoppers will be using their mobile devices more than ever this year. In 2013, only half of those surveyed had smartphones. That number rose this year to 67 percent. The survey also showed that smartphone owners are planning to spend 27 percent more on gifts than those without a smartphone. Adding that up, Deloitte said that digital interactions will influence half of all retail store sales this holiday season – \$375 billion worth, to be exact.

On the contrary, however, November's Chain Store Guide Consumer Spending [Report](#) shows that a majority of consumers won't be shopping online or using their mobile device this holiday season. While it indicated that holiday shopping would boost consumer spending, but only 24.2 percent of adults surveyed say they would be shopping online – and of those, only 7.8 percent said they'd use a mobile device.

**Retailers Leverage Mobile To Drive Holiday In-Store Traffic.** Target, Walmart and Kohl's are among the big-box retailers that have new "souped-up" [mobile apps](#) this year, in hopes to steer shoppers away from Amazon. Target, for example, launched an in store-specific mapping software that helps shoppers navigate its retail centers. Kohl's revamped its app in November with a mobile wallet that lets loyalty members redeem offers in store, leveraging marketers' physical locations since the bulk of holiday shopping still takes place in store, says AdWeek. [Walmart](#) also took a huge step forward for the retail industry, updating its app in a way to connect in-store shopping and the online experience. Its "Search My Store" app "could very well pave the way for a new era in mobile commerce."

## 1: Engage the customer

Other retailers like Macy's are also investing in mobile commerce features this year to drive sales via smartphone or tablet. The department store recently launched an app to let shoppers take pictures of something they like in order to find similar products on the store's website. The app is geared toward younger consumers who increasingly use social platforms like Instagram to find things to buy. However, some are skeptical about whether or not these mobile efforts can even make a dent in in-store sales. Possible Mobile president Ben Reubenstein said that retailers are doing a great job at innovative technology to give consumers more information, but retailers still need to "stay true to the whole physical experience."

At the same time, Deloitte's holiday survey indicated that [loyalty](#) will also serve to drive consumers to physical stores this holiday season. Despite long lines, heavy traffic and limited merchandise selection, the survey says consumers anticipate spending the majority of their holiday budget in the "brick-and-mortar" store this year. Consumers shopping in-store tend to be more loyal than those shopping online – more than half of consumers indicated that if a product is not available in-store, they will try to buy it from the same retailer online or at another location.

**Twitter Gets Serious With Mobile/Online Commerce Strategy.** Retailers are spreading out their holiday marketing spend on Twitter over the entire season, not just specifically for Black Friday and Cyber Monday, according to [Internet Retailer](#). This shift in marketers' behavior reflects Twitter's shift over the past year to become a direct-response marketing platform capable of enabling marketers to show their website content within a tweet to drive shoppers to a particular part of the site, like a product page. To further their commerce capabilities, Twitter also announced its newest link to the payments world – [Twitter Offers](#). By linking rewards right to consumers' cards, Twitter has given itself a new name in the social payment space. Consumers can stay on the app while adding a payment card, then can add an offer to their card via Twitter, which is then automatically added to the card that's linked to the Twitter account when needed for checkout. That eliminates the need for coupons, and gives retailers a way to keep tabs on consumer shopping behavior.

Twitter is also showing that it's taking a commerce strategy to "monetize emotions." Its [Buy Now](#) button is more than about getting people to use the social media platform for payments – it's also about learning what it takes to make a sale through the app. According to Twitter President of Global Revenue Adam Bain, Twitter is trying to prove to retailers and marketers that they can move products and transactions, something they expect to drive Twitter's revenue. However, he said, commerce for Twitter is still at "startup" level and doesn't yet have a specific business model. The Buy Now button is still very limited to a handful of companies and nonprofits, but according to a Mashable report, it will be hitting the movie theater scene this holiday season. Using promoted tweets, [AMC Theaters](#) will offer a \$30 gift card to buy via Twitter through its Twitter account.

## 1: Engage the customer

**Social Media Sites Vie For Piece Of Holiday Shopping.** According to a [comScore](#) report, mobile shopping is expected to generate \$7.9 billion in holiday shopping this year, spiking 25 percent as compared to last year. As part of their mobile strategies, brands like Macy's are launching Facebook ad campaigns targeting mobile phone users, where 65 percent of the site's video viewing happens, according to US News. Retailers are showing an increasing interest in using social media sites as direct portals to link with their shopping sites. [Facebook](#) has enabled notifications as video ads that can link people to a brand's site, and is also testing a Buy button for general ads. In addition, Pinterest is emerging as a key player in holiday shopping – the site's users can browse its image galleries and click directly to online sites selling apparel and other gifts. This generates a lot of mobile shopping traffic, as 75 percent of Pinterest's traffic is from mobile users.

According to a [VentureBeat](#) report, this holiday season, social media is all about getting people to buy – a new “paradigm” in social marketing valuing sales over status updates, and commerce over engagement. Both Facebook and Twitter's buy buttons will debut this holiday season, during an estimated \$650 billion holiday spending spree, to help retailers drive sales through the social media platforms. VentureBeat suggests that we should expect to see marketers roll out robust advertising budgets this season, with creative campaigns using features like hashtags and referral programs.

### In Other News...

Social commerce shopping network [Wanelo](#) is now making it easier to purchase things that visitors “want, need or love” with its “Buy With Wanelo” single-click feature.

Photo-sharing social service [Snapchat](#) partnered with Square to launch a new, photo-free use for its network: sending money via Snapcash.

The National Retail Federation [projected](#) a 4.1 percent increase in retail sales in November and December - \$616.9 billion in holiday shopping.

As part of its omnichannel strategy, [Zappos Inc.](#) made a foray into brick and mortar with a holiday popup shop in downtown Las Vegas.

App.com created a list to help small businesses boost [sales](#) this holiday season which included tips on how to boost customer convenience and increase visibility.

The holiday “[sales creep](#),” or early holiday season deals, reportedly has changed the retail landscape and helps businesses get consumers into their stores and pump up sales figures for the end of the year.

Deutsche Bank economist Torsten Slok released a new [analysis](#) that suggests 2014 is on part to be the largest holiday shopping season ever for U.S. retailers.

## 1: Engage the customer

Despite positive holiday shopping predictions, this year [retailers](#) only have 26 days between Black Friday and Christmas, a short window that has them scrambling to grab and retain customers' attention.

Results from a Coherent Path, Inc. [study](#) shows that retailers may be missing out on building a loyal customer base as they focus on prepping for Cyber Monday.

A [survey](#) conducted by ID.me showed that 96 percent of student shoppers indicate they are more likely to repeat a purchase with the same brand or retailer that offers student discounts.

The 2014 holiday shopping season launched at a snail's pace, but new [research](#) by the National Retail Federation says shoppers are holding out on their shopping sprees for late-season big-time promotions.

Payment Week [reported](#) on 3 steps for retailers to maintain customer engagement with Apple Pay and overcome the anonymity challenge.

In a recent PYMNTS interview, CEO of [Jingit](#) Kate Bolseth explained how her company connects the dots between payments and retail advertising.

## 2: Enable the customer

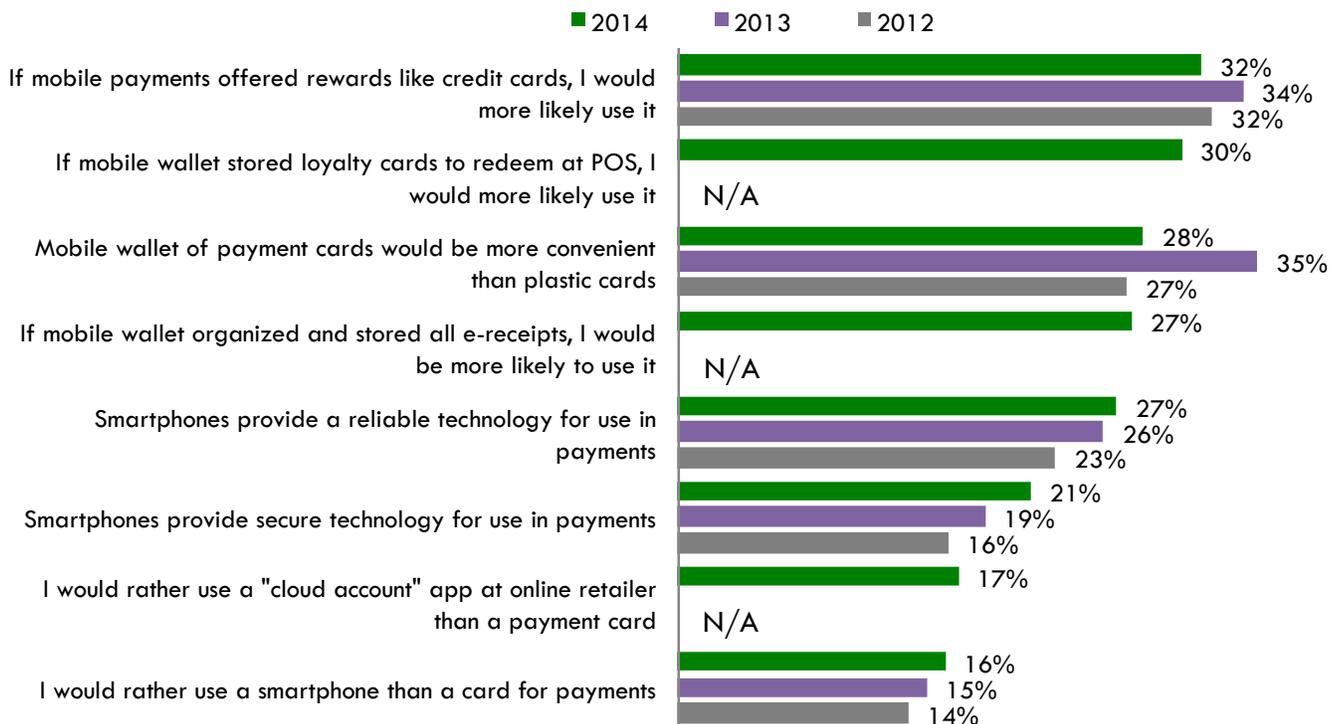
### vantiv<sup>™</sup> Insight

One of the many contributing factors as to why mobile activity has increased as much as it has this holiday buying season is due to retailers connecting the dots between previously disjointed commerce-centric activities that don't always lead to increased store traffic.

As reported by Mobile Commerce Daily, "Mobile- and online-specific deals, such as free shipping and rewards, are helping to further push consumers out of stores. Online retailers, such as Rue La La, that offered mobile-first experiences online saw high conversion rates via mobile devices, proving that consumers are more willing to make transactions when they are met with deals."

Mobile Commerce Daily's Thanksgiving Day summary supports similar findings from the Vantiv Insights Series research that has been conducted for the three years and consistently illustrates that discounts and rewards will certainly incentivize consumers to use their mobile devices, for payments and shopping.

#### Consumer Attitude toward Mobile Payments

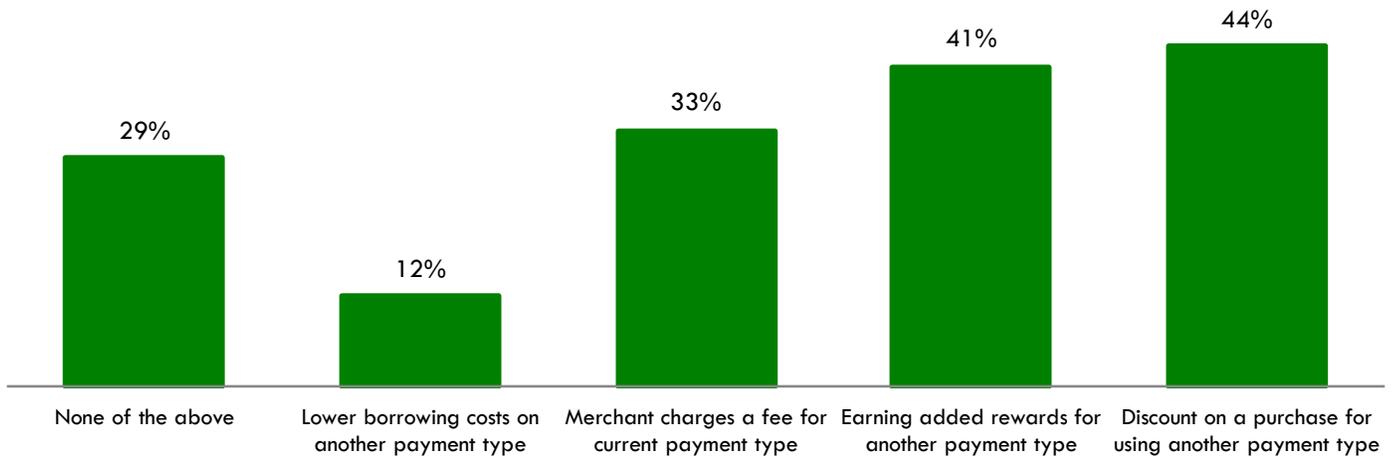


Source: Mercator Advisory Group/Vantiv

## 2: Enable the customer

Other benefits within mobile wallets include the ability to organize and store all of a customer's loyalty cards, e-receipts, and mobile coupons, as well as access them more conveniently at POS checkout.

### What Would Cause You to Change Current Payment Method?



### Top Stories

**Apple Pay Redefines Payments And Commerce.** Apple Pay has undoubtedly disrupted the payments and commerce ecosystem – and that major mobile payments impact will take its toll on this holiday shopping season. A new [survey](#) released in November indicated that 40 percent of U.S. online shoppers said that they like the idea of mobile payments and prefer that idea to carrying around a physical wallet. The survey also found that more than half of iPhone 6/6+ owners and intended owners would try Apple Pay – and half of that group believes that Apple Pay is more secure than swiping a credit card in store. In the world of mPOS, in a recent [interview](#) with ROAM's Scott Holt, MPD CEO Karen Webster asked what the impact of an NFC-enabled Apple iPad would be on mPOS. Holt indicated that it would further ignite merchant interest around NFC in general, something that Apple has already done a pretty good job doing thus far. Since Apple Pay's launch, he said, almost every conversation ROAM is having includes understanding their strategy on NFC and NFC-enabled devices.

## 2: Enable the customer

Even more important than Apple Pay's predicted impact, there has already been evidence of its success and expansion, especially in preparation for the holidays. [Whole Foods](#), the first national supermarket to accept Apple Pay, reportedly saw more than 150k Apple Pay transactions in November since its launch. Elsewhere, more and more grocers, banks and other retailers like Harvey's and Winn Dixie's, Shaws and Star Markets, American First Credit Union, SunTrust, Regions Bank, and more have jumped on board with [Apple Pay](#). In addition, beauty product retailer [Sephora](#) also announced in November that it would accept Apple Pay in stores. Restaurant reservation app [OpenTable](#), too, announced that Apple Pay would be a new option as a payment method (for those with the right phone). The new mobile payments scheme has also hit the vending machine market – [VendScreen](#), a developer of vending industry cashless payment technology, announced that its touchscreen devices now support Apple Pay. They will be available to current VendScreen device installations at no additional costs or hardware upgrades.

But whether the Apple Pay hype will translate to shoppers actually using mobile payments has still yet to be seen. In her recent [commentary](#), Karen Webster made a case for why Apple Pay needs merchants more than merchants need Apple Pay. Its true ignition, she argued, is tied to getting merchants on board. It will need to get enough consumers excited enough to use their iPhones to pay at enough merchants that actually matter to them. That means Apple Pay will have to figure out a way to get enough of the right merchants on board. As it does so, it will also need to figure out a way to strategize a [loyalty](#) scheme in its next phase. While apps (including Apple's Passbook) exist to clean up loyalty card clutter and offer consumers the chance to "stash in a drawer all the loyalty cards cluttering their wallets or key ring," reported the WSJ, there's still a lot to be done in the loyalty department, namely solving the overwhelming issue of the excess of loyalty card apps available.

**Beacons Struggle To Catch Consumer Interest.** Despite the fact that retailers are increasingly placing bets on [beacon technology](#) and its ability to increase in-store foot traffic and overall sales, consumers are not so interested in them. In a Bloomberg article, analysis were reported saying that less than 1 percent of 3.6 million retail stores in the U.S. use iBeacons, largely because it still requires shoppers to download apps that have the tracking technology incorporated. They also suggested that consumers don't think to look at shopping aids while in store. One Forrester analyst called apps like Macy's, one player that has been testing iBeacons for some time, "gimmicky" as retailers still have no idea what consumers want – and convincing shoppers is what is key. Furthermore, SmartData Collective reported, "between customer purchase [data](#), beacon or offline data, online data including social media preferences and more, retailers are having trouble combining their data points into one digestible dashboard from which to take action on these new customer insights."

## 2: Enable the customer

However, beacons are still being tested by a number of merchants including [upscale](#) retailers like Michael Kohrs and Lord & Taylor in efforts to create a more personalized customer shopping experience. The data offered to luxury brands includes knowing what a consumer drops into their online shopping bag but never followed through with a completed transaction. This information can be sent to the sales representative in the physical store, along with how much the consumer spent the last time they shopped there. Other [companies](#) like Virgin Atlantic, Hillshire Brands, Starwood Hotels, Major League Baseball and more are also using beacon technology. But of course, with all of the data it provides, this may cause for blurry lines for some retailers between the online shopping and in-store experience.

**Square's Makes Major Moves In Mobile Payments.** [Square](#) clearly does not want to be left behind as mobile payments gain traction, according to AdWeek. The mobile payment company partnered with Snapchat to power mobile payments with the popular social app. "Snapcash" lets users store debit card information in the app and send money to friends. In addition, Square announced that it plans to accept Apple Pay in 2015 after having previously been seen as an Apple competitor when it comes to POS equipment. Furthermore, the company took a step back and went "old school" with digital payments – it started letting its merchants sell physical gift cards to customer in early November. For \$1.50, retailers can choose from templates or design their own gift cards. They then can sell the cards from their Square Register.

In addition, [Square Register](#) has gone global. The startup announced in London that its Square Register POS suite is now available worldwide and supports four languages and 130 currencies. The international version of Register, however, can't yet accept credit and debit card payments through Square's plug-in Reader or Square Stand, which currently only work in the U.S., Canada and Japan. This news follows [reports](#) in early November that the company's number of transactions now tops one billion after it just pulled in \$150 million in funding, bringing its total raised dollars to \$590 million.

### In Other News...

[Target](#), one of the founders of MCX's CurrentC mobile payment effort, announced it has been using its employees to test the program.

With a push from online e-commerce giant [Alibaba](#), Black Friday spread to China after the company signed major deals with Macy's, Neiman Marcus, Saks Fifth Avenue, Ann Taylor, and more.

Described as the "Tinder for shopping" provide a more personalized, multi-retailer shopping solution for time-constrained shoppers, popular U.K. fashion app [Mallzee](#) made its U.S. debut in time for Thanksgiving.

A growing number of [stores](#) have been handing out tablets to their staff to take orders anywhere on the sale floor while customers use their smartphones to make purchases this holiday season.

## 2: Enable the customer

[PayPal](#) and Square reportedly are working to make the loan process for merchants' high product investment costs this holiday season much easier, according to Bloomberg.

Google announced the [Great Online Shopping Festival](#) for 2014, a new holiday for consumers based out of India who are looking to buy apparel, electronics or household items.

Cross-border logistics service [Borderfree](#) reported an early launch of international holiday shopping by U.S. retailers, and a shift in top markets for U.S. retail sales from European countries like Germany and Switzerland to the Asian countries of Japan and Singapore.

[Alibaba Group](#) and leading Chinese video platform Youku Tudou are partnering to launch two programs that will allow Alibaba merchants the ability to market on the platform.

Small-merchant loyalty program startup [Thanx](#) launched with \$4.7 million in funding and partnerships with Visa, MasterCard and Apple Pay, making it the only rewards provider that works with Apple's mobile payment system.

A new survey shows a majority of consumers prefer [gift cards](#) to gifts, but feel guilty for asking for them. Guilt, a digital gift card useable through a mobile wallet, may be the solution for that.

Payment gateway provider [Merchant Link](#) is adding mobile payments and marketing support to its offerings, thanks to a newly announced agreement with startup Mocopay.

[Softcard](#) celebrated the second year of its launch and 4th year in existence by launching a \$1.5 million ad campaign with a Muppet named Tappy who teaches viewers to tap at the POS.

Samsung landed a deal with [Coupons.com](#) that will put itself as the first mobile payments carrier to use its own digital wallet to redeem the site's online coupons in stores.

[Merchants](#) may be able to sway consumers into buying certain products through a new grouping of shopping apps aimed at saving the consumer money by sharing a picture of the receipt back, according to the Associated Press.

Membership retailer [BJ's Wholesale Club](#) is rolling out a co-branded credit card with rewards that its members can redeem on-demand when checking out at BJ's stores.

[Dairy Queen](#) is bringing its loyal customer base the chance to tap into the company's new mobile app and digital wallet, MyDQ.

eBay launched a geolocation-based app called [Close 5](#) that continues the consumer-to-consumer purchase tradition, positioning it for a fight with the likes of Threadflip and Classy.

### 3: Serve the customer

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As brick and mortar merchants look to keep a competitive edge over their e-commerce counterparts, being able to serve the needs of their customers while they're in the store has become paramount. One way to do that is to ensure that a customer can get more product info when needed and never have to wait in line or search the store for a checkout counter – two core features of mPOS. Sixty percent of mid-market merchants have indicated that they have or plan to deploy the use of mobile POS tablets in their store locations, according to a Vantiv Insights study conducted in first quarter of 2014.

Some of the features store owners are really utilizing this holiday season are: Enhanced Reporting, Online Ordering capability within the store, Inventory Tracking, Loyalty Program management, Mobile Couponing – all of which were rated extremely important to them as part of their decision to enable mobile POS.

#### Important Features of Tablet-Based POS Terminals



Source: Mercator Advisory Group/Vantiv

### 3: Serve the customer

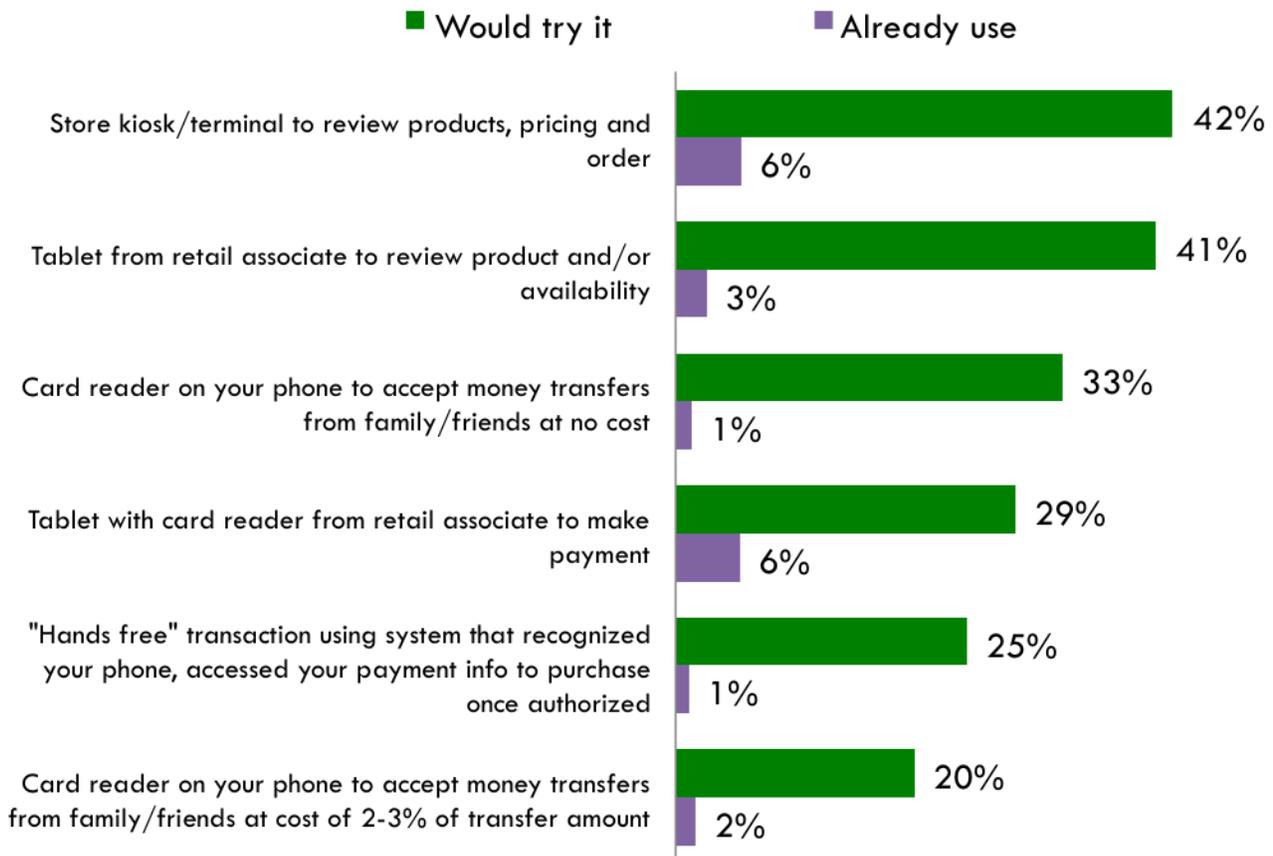
## vantiv<sup>™</sup> Insight

From the consumer perspective, Vantiv Insights can conclude that over 40% of consumers use in-store Kiosks and Tablets to review product options, compare pricing, check available inventory and order on-line if the products are not available in the store.

During last month's Thanksgiving weekend, smartphones led in mobile browsing over the five-day shopping period, accounting for 29 percent of all online traffic versus 15 percent for tablets. IBM also indicated that tablets would account for twice as many mobile purchases than smartphones thanks to the larger screen size.

In addition, store representatives using the same devices for assisting customers with their in-store purchases would likely have the same effect. Vantiv Insights also revealed that the same types of incentives consumers found attractive for encouraging them to use their mobile wallets also apply to mobile tablets use.

#### Willingness to Try New Technologies



Source: Mercator Advisory Group/Vantiv

## 3: Serve the customer

### Top Stories

**Mobile Platforms Poised For Growth This Holiday Season.** According to the [National Retail Federation](#), the average American consumer will conduct 44 percent of his or her holiday shopping online this year, the highest level ever forecasted by the association. Of those who continue to excel in multichannel is Nordstrom, Walmart and Target. According to Gregory Melich of Evercore ISI, “e-commerce should be close to 30 percent of all retailer growth this holiday.” This growth in e-commerce can be attributed to mobile payments schemes like Apple Pay, and mobile payments volume is expected to grow by roughly 35 percent per year through 2017, predicts Gartner, for a market of 450 million users and a market value of \$721 billion. Top-ranked analyst in the Computer Services & IT Consulting space Tien-Tsin Huang said that he expects “Apple Pay to be one of if not the most popular mobile wallet solution used at the POS this holiday season.” He then added that although Apple Pay is a much needed catalyst to get mobile payments off the ground in the U.S., Americans typically use their debit cards 23 times a month. For Apple Pay to be a permanent part of the consumer landscape, he suggests Apple Pay users to utilize it “20 percent of the time, or four to five transactions per month.”

**Mobile’s Big Move For Holiday Shopping.** [Fox Business](#) reported that mobile devices, already having taken over much of consumers’ lives, are now making a move on the holiday shopping season. The holidays account for more than one-fifth of retailers’ sales for the year, and analysts now say that the 2014 holiday season is set to take the mobile trend to another level. A new Retail study shows that nearly 3 out of 4 mobile-device owners will use their gadgets to shop during the holidays. Retailers are targeting these consumers, pursuing smartphone paid campaigns, mobile display ad campaigns, and mobile email optimization to ensure the consumer has easy access to deals and other merchant information via their phone, Fox reported. In addition, the National Retail Federation’s survey showed that 55.7 percent of mobile device owners will use their device in some way this holiday season – up 53.8 percent from last year. As for tablet owners, nearly two-thirds will use their device to research and purchase holiday items. The trend is paving way for the next era of mobile apps, which according to CEO & Chief Equities Strategist of Belus Capital Advisors Brian Sozzi, will be defined in two ways. New apps will give a person instant gratification in the form of a reward, building brand trust and sparking impulse buys. They will also reach customers that are outside of the physical walls of the store.

**Mobile mPOS Services Skyrocket.** A new [report](#) by Ovum Consulting and Mahindra Comviva says that mobile mPOS activity is soaring, with about 1.2 million mPOS having been shipped to MasterCard merchants globally. The report argues that early mPOS growth was driven by adoption among micro-merchants and, although that is still an important segment, there are further opportunities for mPOS with larger merchants. mPOS allows larger merchants to create efficiencies and enhance the in-store shopping experience for consumers, as well as to equip their field sales force with an integrated payment capability. Another benefit to all merchants, big or small, is the ability of mPOS solutions to gather customer data.

### 3: Serve the customer

Sophisticated analytics can sift through payment transactions and make recommendations to merchants like optimal inventory, ordering cycle or even to customers based on buying patterns and preferences. After commenting on how the world of “anywhere commerce” is changing POS, Mahindra Comviva’s SVP and Head of Mobile Financial Solutions Srinivas Nidugondo noted that “the implementation of mPOS solutions is not without its challenges and technology executives must work together to select an mPOS solution that can play well with existing back-office systems, adapt to rapid change, and meet the expectations of a new breed of the connected shopper.”

#### In Other News...

Amazon, Target, Macy’s and other [retailers](#) are offering speedier delivery, including overnight and same-day options that will continue even past the holidays.

To prep for the holidays, retailers have taken [steps](#) to prevent new data breaches, although it remains to be seen whether they have done enough, according to the San Diego-based Identity Theft Resource Center.

[Heartland](#) Payment Systems’ third-quarter earnings coincided with the announcement that it would be acquiring [Xpient Solutions](#), an enterprise-level restaurant POS software service.

[Konica Minolta](#) has chosen SAP firm Ariba to manage its cloud-based procurement process, going digital with Ariba.

Hybris, a SAP company and a fast-growing commerce platform provider, revealed [research](#) by RSR that highlights the challenges retailers face as they transition to the next stage of omnichannel commerce.

Brick-and-mortar [merchants](#) are seeking an edge over Amazon and other e-tailers this holiday season by encouraging customers to pick up online orders at their local store – but that could raise cost and create problems managing inventory.

[Kohl’s](#) overhauled its core merchandising, inventory and pricing operations with the launch of a new Oracle Retail Merchandise Operations Management solution to allow retailers to better serve customers across channels.

Forbes reported that [Nordstrom](#) saw an increase of 3.9 percent in comparable sales in the third quarter of 2014, way above the report of any other retailer.

For [J.C. Penney](#), this holiday season will be a test of survival after experiencing \$3 billion in losses since 2011, largely due to technology and exec disasters.

[Worldpay](#), a global provider of payments technology and services for merchants, partners and developers announced that it has acquired SecureNet Payment Systems.

### 3: Serve the customer

North American Bancard announced the launch of [PayAnywhere 3.0](#), the newest version of its point-of-sale solution that integrates with PayPal Photo Check-In through Discover's processing network.

New retail business [studies](#) suggest shoppers are more likely to turn the familiar showrooming tactic upside down around the holidays. "Webrooming" — the process of looking at a product online and then buying later at a store — is actually the more popular way to shop.

The WSJ [reported](#) that after losing ground in past years to online competitors over Thanksgiving weekend, brick-and-mortar retailers like Wal-Mart, Target and Best Buy are becoming more aggressive in pricing and selling goods on the Web.

[ROAM](#) launched its latest version of its mobile point of sale application ROAMpay X5, featuring a redesigned and tablet-optimized User Interface to enhance the consumer-purchasing experience.

Provider of the mobile payment solution SEQR, [Seamless](#) announced that it partnered with The Secure Gateway, which will be the platform of choice for all U.S. ACH transactions.

Payments processor [BlueSnap Inc.](#) announced a deal with payment processor First Data Corp. to use its technology for payment security.

[Revel Systems](#) raised \$100 million in funding to help build out its operation and evolve its iPad POS platform that gives retailers and franchise operators access to a full suite of operations and reporting features.

Oberthur Technologies and Mobeewave announced a solution — [Flying mPOS](#) — to turn any NFC device equipped with OT's PEARL eSE into a secure mobile payment terminal.

TechPay Mobile Payment Systems announced the launch of [SwiftPay](#) for grocery stores, convenience stores and retailers, allowing merchants and consumers benefits not offered by other mobile payment systems.

[Worldline](#) partnered with Powa Partners to offer the PowaPOS T25 and PowaPIN mPOS solutions to extend its cross-channel payment terminals range for merchants and banks.

## About PYMNTS

[PYMNTS.com](http://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](http://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](http://www.vantiv.com).