



Market Spotlight

Rethinking Retail: The Tablet Revolution

Sponsored by: Panasonic

Marta Fiorentini
September 2015

Chrystelle Labesque

RAPID GROWTH IN TABLET ADOPTION

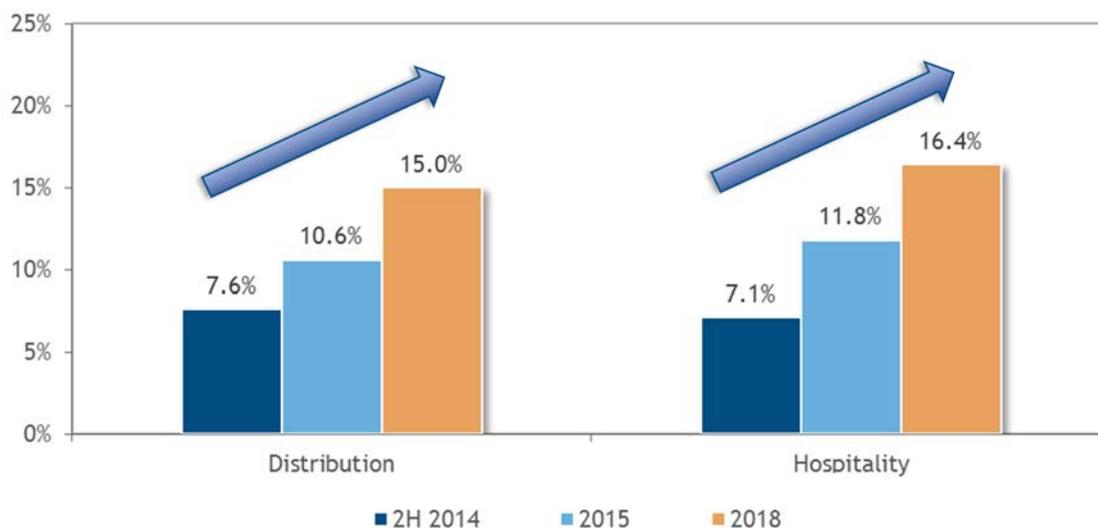
Tablet adoption in retail and hospitality is driven by a number of compelling use cases. These are focused on delivering increased levels of customer service and improved productivity and efficiencies, but they also support integration in omni-channel strategies and the supply chain.

Over half of retail and hospitality respondents recently interviewed by IDC reported the use of tablets in their organizations, with estimates suggesting that tablets already account for around 7% of all computing devices deployed, with the figure set to increase rapidly in the coming years.

Retail and wholesale organizations forecast penetration to reach 10% by the end of this year, increasing to 15% of all computing devices by 2018. In hospitality, the adoption is even more dramatic, with tablets representing 12% of all computing devices in 2015 and over 16% in 2018. In all, over 70% of retailers and 66% of hospitality providers interviewed stated that their organizations have plans to purchase tablets in the next two years. So why this sudden development?

FIGURE 1

Forecast Increase in Tablet Device Penetration



Source: IDC, 2015

Despite the creation of sophisticated business processes, websites, and mobile applications, retailers and hospitality providers are too often let down by aging POS terminals, paper inventory systems, or the reliance on staff memory to acknowledge loyal customers. Tablets offer the opportunity to form a bridge between offline and digital environments, ushering in a new age of staff productivity, inventory and asset management, as well as analytics. More significantly, tablets offer the potential to deliver enhanced and differentiated customer experience, enabling the services and capabilities of the physical environment to mirror or complement those of the digital. This includes aspects as personalization, self-service and internet-based payments, as well as integration with suppliers, wholesalers and the value chain.

With the introduction of cloud-based business processes running on applications and the extended use of touchscreens, cameras and other input methods, tablets and hybrids are now positioned to transform the way retail and hospitality employees work. To be successful, however, retailers and hospitality providers must make careful considerations around form-factor, input method, screen-size, and battery life, as well as overall device reliability, management, security, and operating system preferences.

This IDC Executive Brief provides an overview of current tablet and hybrid device deployment in the retail and hospitality sectors in Western Europe, based on an extensive research carried out in France, Germany, and the UK. It shows readers just how quickly and dynamically the market has and will continue to evolve, as well as the key aspects of tablet adoption that they need to be considered.

DRIVERS FOR TABLET ADOPTION

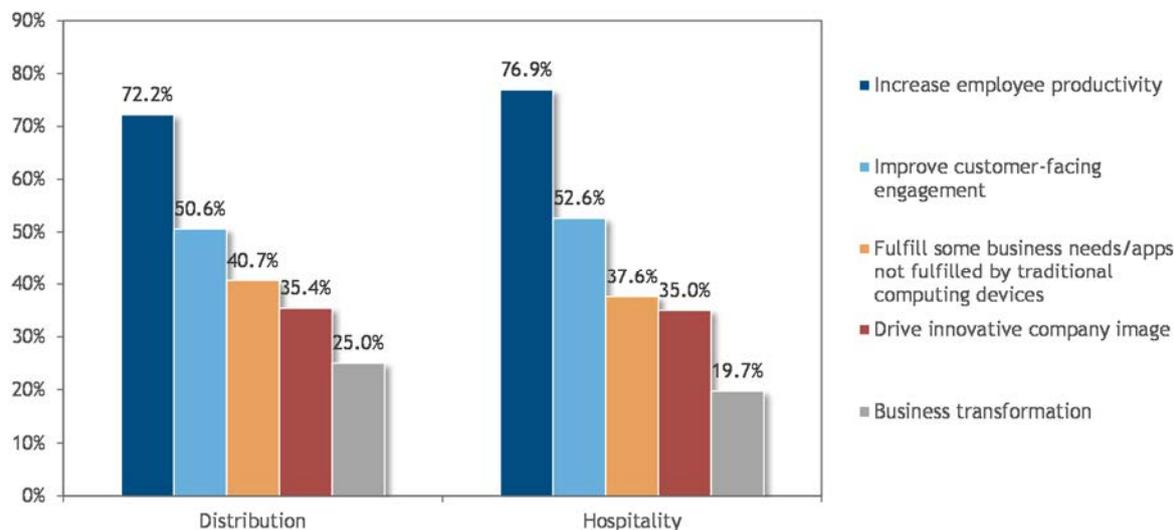
Productivity is the key motivating factor for tablet and hybrid adoption, but it is partnered by improvements in customer facing engagement, as well as the need to convey an innovative company image. In essence, tablets are being deployed to drive efficiency in the way employees work, but this is as much about delivering improved levels of service to customers, as it is about cost saving.

The adoption of tablets has enabled organizations to push increased levels of capability to the edge of the business and into customer-facing roles. This includes integrating stock and inventory analysis and distribution insight, as well as delivering payment solutions and data sources direct to staff.

FIGURE 2

Drivers for Tablet Deployment in Retail and Hospitality Organizations

Q. What do you see as key reasons or motivating factors for deploying tablets or hybrids in your organization?



Source: IDC, 2015

Results also suggest that while tablets are being used to perform critical customer-facing functions, they are also being integrated throughout the business, in order to drive productivity in back-end processes, warehousing, and distribution. This in turn drives agility, visibility, collaboration, and granular forecasting and replenishment.

Further analysis also highlights that 57% of tablets deployed in restaurants and 47% in retail organizations were reported as the users' only device. Rather than tablets being deployed in addition to PCs and smartphones, they are being used to fulfil business requirements alone.

Tablets Fulfil New Requirements

Tablet adoption in retail and hospitality is in part due to falling price points, but it is also the result of increasing app virtualization and sector-specific device capabilities. For many, it is also the realization that tablets are able to perform function-specific tasks more effectively.

This includes the ability to replace legacy peripheral devices, such as payment terminals, POS systems, scanners, and mobile warehouse devices. Tablets can be far easier to deploy, cheaper to maintain, and easier to update, and take full advantage of the further migration towards cloud-based platforms. This is outlined in the use cases shown in Table 1.

TABLE 1

Use Cases for Tablet Deployment in the Retail and Hospitality Sectors

	Business Drivers	Business Outcomes
Payment Solutions	Tablets can replace POS systems, using scanners and readers to perform the same tasks away from static terminals. These can be integrated with Internet-based payment systems, such as PayPal, and use NFC and RFID applications, for example.	Staff members take payment processing into the customer environment, gathering richer CRM insights. All-staff payment capabilities can easily scale to meet demand (check-out time in hotels). Tablets are easier to upgrade and portray innovation.
Customer Self Service	Tablets allow customers to help themselves to a range of in-store services, including payment and check-out, information and item selection. They also offer customers the opportunity to add loyalty IDs and interact as they would online.	Customer self-service delivers scalability at busy times, while also delivering a more compelling omni-channel experience. It also integrates with inventory management (as it would online) to better inform customers.
Queue Busting	Tablets allow staff members to perform a range of tasks away from traditional counter-top environments, including payment and orders in retail, to the ability to order food from the queue in quick service food establishments, and have these orders sent direct to the kitchen.	As a result, the time taken to process customers is reduced, leading to greater employee efficiency and sales conversion rates, as well as improvements in customer satisfaction. Equally, the use of tablets provides upsell and cross-sell opportunities, as well as the sale of non-stock items.
Information Delivery	From answering complex questions to checking on lead times. Tablets can also be used for in-room directory services, product insight, and interactive menus in restaurants, such as tasting notes for wines and customer recommendations.	Static or staff-held tablets take detailed product knowledge into the customer-facing environment. This aids complex selling, as well as supporting new staff members. It has the potential to widen offerings and align omni-channel propositions.
Stock Inventory	Tablets can display stock levels to customer-facing staff, allowing them to advise, order, and dispatch items from the shop floor. It also has the potential to provide the entire value chain with inventory insight, enabling suppliers to anticipate requirements based on the data.	This level of insight ensures all sales opportunities are maximized. It also enables staff to promote or even discount high stock level items (as well as through digital in-store/ restaurant signage). It can also provide a fully integrated value chain for rich-data analysis and greater efficiencies.
Digital Signage	Simple use of tablets (in many cases performing dual functions as self-service terminals) can replace physical signage, update quickly, and even interact with specific customers as they enter the store.	Tablet-based signage is quick and easy to update, providing reactive and agile messaging. Here, the cost is the tablet itself and can be used to deliver other services to customers.
Customer Insight	Tablets can be used to gather even greater levels of insight from customers (and prospective customers). This includes basic feedback and satisfaction ratings, as well as detailed product requirements for innovation.	Whether self-service kiosks, or staff-held devices, tablets can take customer insight gathering to new levels, creating a constant and location-based view of how well the business is performing.
Location Services	Tablets themselves can be used as beacons and location-based devices, alerting customer devices to offers or gathering insights on who has entered the store or restaurant. Tablets can then "call-up" CRM data to deliver services.	The location of employees and customers in stores can add another layer of rich data. Again this brings omni-channel advantages to the retail or hospitality provider.
Logistics & Delivery	Mobile devices have long been used in the logistics business, but advances in tablet propositions bring larger form factors, cameras, readers, and location services into the mix. This includes customer self-service and further integration.	Tablets offer retailers and hospitality providers an opportunity to integrate inventory and logistics insight. This delivers greater insight to the customer-facing roles of the business, but also gathers customer insights for inventory purposes.
Location Services	Multi-use tablets also have the potential to provide training, development and support services to staff members on the shop floor without access to a PC all the time. This includes rich content and interactive learning.	Training on tablets (especially those already deployed in other functions) provides an efficient and far more productive way of ensuring staff are up to date and fully effective.

Source: IDC, 2015

TABLET REQUIREMENTS IN RETAIL

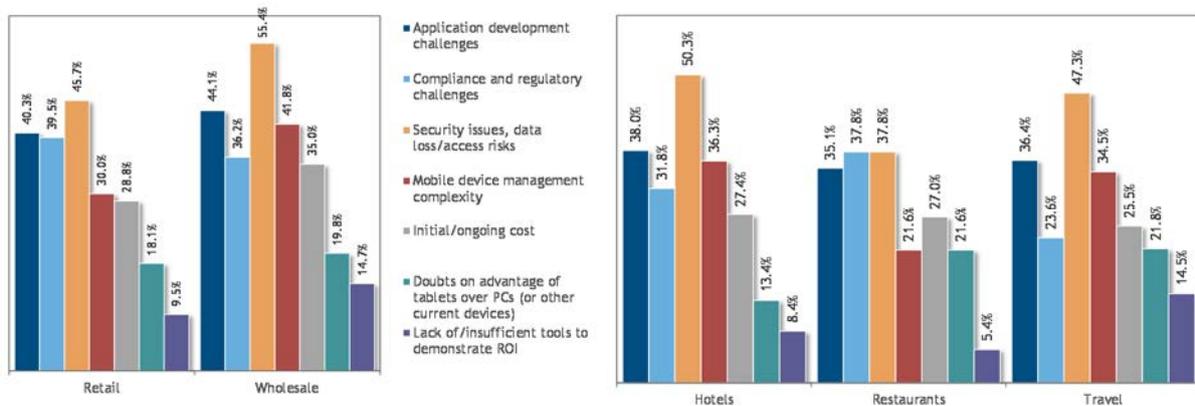
The main inhibitors to adoption highlight some of the key considerations and concerns retailers and hospitality providers have in tablet deployment.

Security remains the foremost concern across all the sub-sectors researched, including concerns around data loss and access risk. This concern is never far away from any mobile deployment and often serves as a major stumbling block to any mobility initiative. Compliance and regulatory challenges are also reported to be inhibiting tablet adoption, slightly more so in restaurants and in distribution environments.

FIGURE 3

Key Challenges or Inhibitors for Deploying Tablets in Retail & Hospitality

Q. What do you see as the key challenges or inhibitors for deploying Tablets or Hybrids in your organization?



Source: IDC, 2015

KEY SOLUTION REQUIREMENTS

The management of tablets is a major concern and inhibitor. Mobile device management complexity is highlighted across the sectors, in particular by 42% of wholesale organizations. As a result, over half (54%) of all retail, wholesale, and hospitality providers are looking to default tools that come with the device to address this concern. Moving forward, however, 42% of retail and wholesale respondents and 46% of hospitality respondents state that they would shift to a single management tool for all devices within two years. The requirements to manage tablets at the same time as wider mobility and device strategies is evident, and respondents realize that current approaches are not ideal.

Many also feel that they are unable to deliver appropriate applications themselves. As a result nearly half of all retail and wholesale providers (42%) are looking to develop applications in conjunction with external partners, while commercial off-the-shelf apps represent a third of apps in use in these sectors.

The requirement for simplification and ease of integration is also manifest in preferences for operating systems. Nearly three-quarters of respondents were looking to deploy tablets that could scale with current OS environments, while over half were looking for OS options that could

seamlessly integrate with existing smartphones and Windows environments. This requirement also influences vendor selection criteria, with the compatibility of tablets with existing systems being selected by 61% of retail and wholesale respondents and just over half (51%) of hospitality respondents. In addition, the ability to deliver these as a global solution was selected as a critical supplier selection criteria by half of all respondents.

KEY DEVICE REQUIREMENTS

Battery life is central to the selection of tablet and hybrid devices for over 70% of respondents in all sectors. This is essential when taking devices into customer-facing environments, but so is speed of charging, the ability to place devices on standby or in a power-save mode, and the ability to swap-out batteries quickly and easily.

Outdoor readability (55%), security features (54%), and voice capabilities (54% in distribution and 66% in hospitality) are also essential, reflecting the demands of the sector's environment. For the most part respondent organizations are looking to use WiFi connectivity, highlighting the use of tablets on site. However, over half had procured tablets with 3G or 4G connectivity capabilities, showing wider usage in both customer-facing roles and in the logistics and distribution aspects.

In terms of screen size, the general trend is a polarization between 6-8 inch screens (more popular with highly mobile users in distribution and hospitality) and larger screen sizes (used to display large amounts of information or data input). As a result, organizations should consider the specific and different needs of retail and hospitality job functions when tablets are evaluated and selected.

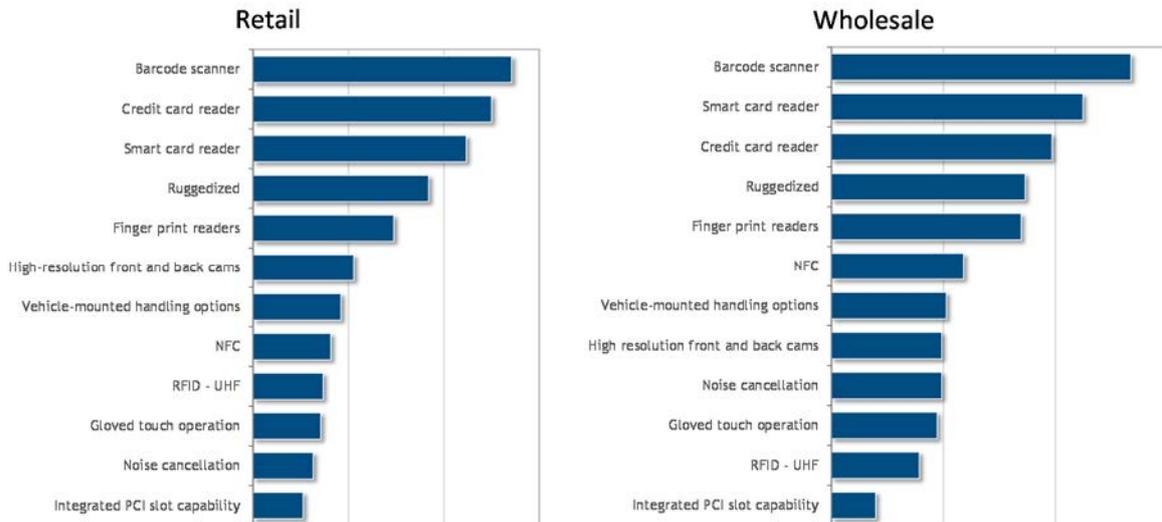
KEY ACCESSORY & PERIPHERAL DEVICE REQUIREMENTS

The wider mobility of tablets and hybrids also creates demand for additional accessories. These are critical in the context of shop-floor or warehouse-based employees, but also wider mobile workers throughout the business. Stands and point of sale cradles for devices are critical for retail organizations, as is the ruggedization of devices to ensure they work in any environment, from shop floor and restaurant, to warehouse and delivery vehicles. Environments need to be considered.

FIGURE 4

Additional Features Important to the Selection of Tablet Devices

Q. Considering your business/organization's needs, which of the following additional features are important to have on your tablet or hybrid devices?



Source: IDC, 2015

For many retailers, the opportunity to replace or complement existing POS, payment, and information services with tablets makes barcode scanners, credit card readers, and smartcard readers on tablet devices very popular. Equally, the ability to combine these requirements and functions into a single device is extremely compelling. This is made possible through the ability to integrate many of these function onto one platform that is also able to combine fast and intuitive touch capabilities, with detailed input through keyboards, stylus, or even voice, for example.

Organizations need to look at the wider requirements for tablets and tablet deployment, making these devices work for employees, especially in a context where they are the only device an employee uses. It is worth remembering, however, that tablet devices also require integration and deployment work beyond the cost of the devices themselves.

CONCLUSION

A number of retail and hospitality providers need to transform processes to remain competitive and to grow their business. For many, the challenge lies in mounting and maintaining a steady commitment to more omni-channel strategies, but this requires agility and innovation.

Many will achieve this by taking advantage of technologies that include social, mobile, cloud, and analytics, and tablets form a cornerstone to this approach. Tablets present new ways of working beyond the boundaries of traditional computing devices, offering organizations applications that are not currently fulfilled by traditional devices. They also have the potential to drive employee productivity and improve customer-facing engagement, as well as visible innovation for the firm.

Not only can tablets replace core functions in retail and hospitality, often performing them in far superior ways, they can also address a number of functions previously performed via a variety of devices. As a result, tablets can offer a way to consolidate both hardware and systems across the

organization, ensuring staff are as productive as possible and customer satisfaction levels remain a priority, while also offering savings and efficiencies in hardware costs.

To achieve this, retail and hospitality organizations must select tablet portfolios that address the core demands of both their business and the rigors of their industry. Form factor, reliability, and support services are crucial, as are functional aspects such as ruggedization, replaceable batteries, and the ability to integrate existing functions onto tablet platforms.

Panasonic: Vendor Profile

Retail and hospitality organizations are looking for tablet solutions that can scale quickly, while improving on current business performance. They are looking for devices that can integrate accurately with existing infrastructure in a secure and compliant way, at the same time being easy to manage and maintain, able to run existing systems, and offer a range of connectivity options.

Organizations require product attributes fundamental to delivering employee productivity, customer-facing engagement, and the need to fulfil requirements outside of traditional computing. These include battery-life, outdoor readability, secure access options, voice capabilities, and integration with existing retail and hospitality hardware.

For 35 years, Panasonic has been developing and delivering POS workstations in the retail and hospitality industries, recently building on this experience and leadership to develop specific tablet solutions that enable organizations to rethink this aspect of their business. Toughpad devices are offered in a range of screen-size options, from 5-inch hand-held devices to 20-inch displays. Tablets are housed in lightweight, fully ruggedized bodies (water, dust, and drop resistant) with full HD displays visible in sunlight and HD cameras as standard. They are also available with a full spectrum of connectivity options, including WiFi, Bluetooth, 4G, USB, and HDMI options.

Sector-specific experience enables Panasonic to deliver devices beyond the confines of standard tablet offerings, including user-replaceable batteries, optional barcode readers, dedicated counter-top cradle systems, and magnet-stripe readers. These are combined with compatibility with third-party infrastructure, such as printers and payment terminals. In addition, Panasonic tablets run on Windows and Android OS environments for ease of integration and scalability, as well as device management. Panasonic tablet solutions are also highly versatile, providing a complete retail and hospitality solution package across a range of organizational requirements, including multi-purpose functionality. Critically, many of those solutions can also be customized and Panasonic is also well placed to deliver support services in local and global deployment.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

IDC U.K.

Chiswick Tower
389 Chiswick High Road
London W4 4AE, United Kingdom
44.208.987.7100
Twitter: @IDC
idc-insights-community.com
www.idc.com

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights. [trademark]

Copyright 2015 IDC. Reproduction is forbidden unless authorized. All rights reserved.

