The POS Sales Agent's Digital Manifesto

EMBRACE SOFTWARE-BASED SOLUTIONS OR FIND ANOTHER CAREER

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376. That's the number of times the average American makes a non-cash payment each year, according to the World Economic Forum. Wads of cash have gone the way of the dodo bird, replaced not just with credit cards and mobile payments but with greater consumer expectations that a retailer will recognize its customers and cater to their yen for personalized service, loyalty rewards and security assurance.

Payment processing is in the midst of a revolution, driven by consumers' shifting preferences and by a wave of technical innovations that would have boggled the mind 10 years ago. In the midst of so much change and innovation, hardware-based systems seem woefully outdated. And POS sales agents who aren't selling modern, software-based systems can seem just as out of touch as people who clung to their old Nokia and Blackberry phones as the iPhone took over the market.

The payment revolution underway means it's time to ask: Are you a hardware-based sales agent adrift in a software-based world? Do you still sell POS systems that don't do much more than process payments—while new systems can track customer habits, manage gift cards and incentive programs, tighten inventory control and roll out a whole host of features and benefits as needed? If so, it's time to get with the times—or risk getting left behind. Upgrading to a software-based POS will keep retailers nimble and ahead of the competition. And sales agents offering those POS systems are offering the future, instead of selling the past. (Nokia, anyone?)

THE POS PROBLEM FOR RETAILERS

Retailers stuck in the old-school payment processing ecosystem aren't able to do much beyond, well, process payments. Sure, they can tally order totals and complete credit card transactions. But those hardware-based systems leave retailers sorely lacking: They can't gather and analyze insights into customer behaviors and trends. They can't deploy integrated incentive programs. They can't track inventory in real time. They can't make gift card maintenance effortless.

And each of those things a hardware-based POS can't do *can* be traced right back to the retailer's bottom line. When a retailer doesn't have an automated gift card maintenance system, employees must squander time manually keying in accounts or looking up balances.

Customers can be turned off by a gift card system that feels like a relic from the past, more likely to splurge on a gift card that's traceable, verifiable and easy to maintain. That's a loss for retailers, considering that roughly half of Americans buy prepaid gift cards each year. And, for retailers, gift cards are a gift that keeps on giving: The majority of consumers spend more than the face value of the card when they cash them in, according to a report by CEB Global.

Incentive programs are an even more powerful driver of consumer behavior and can have a massive impact on retailer revenue. Experts have proven that repeat customers tend to spend more, per transaction, than new customers. Focusing on those loyal customers can deliver a healthier return on investment than shelling out big bucks for a client acquisition strategy. How do you work to satisfy loyal customers and goose transactions ever higher? Analytics is the answer. Customer data can reveal preferences and patterns and serve as a powerful beacon for which incentive structures and promotions drive consumer action. Good luck trying to get that kind of insight and data-based decision-making from a buy-10-get-one-free punch-card program.

Inventory management may not sound as sexy as gift cards and incentive programs, but it's another POS problem that can be easily solved by ditching the outdated hardware model in favor of a cloud-based software solution. When inventory control is a manual affair, like it is when retailers are tethered to hardware-based POS, it's by definition slow and delayed. Forget automatic replenishment orders when the last sweater sells off the rack or a quick alert to 86 the crab special now that it's selling out. With an older POS, retailers typically react only after a customer has placed an order for an out-of-stock item—and must now face the ire or disappointment that comes with letting a customer down. If that's not enough to spark change, consider this sobering stat: One management expert estimates that tight inventory control can boost retailer profitability by 20 to 50 percent, according to Entrepreneur.com.

No question, retailers without a software-based solution are missing out on some really compelling features. But it's worth noting that this also leaves them vulnerable to competitive disruption. That's because as more competitors embrace the cloud, the cutting-edge features of today will become commonplace tomorrow. And any retailer that lacks those customer-centric bells and whistles will be left behind in the race to capture consumer loyalty and market share.

THE POS PROBLEM FOR SALES AGENTS

When's the last time you stumbled upon a pair of retailers passionately debating the different features offered by their credit card services? Yeah, we thought so. That's because credit card services are often a commodity, with little room for differentiation. And retailers that already have a gift card program or loyalty system up and running may be loath to switch providers when the new service doesn't offer tangible business benefits.

Retailers face an increasingly competitive business landscape and a faster pace of change. They're time-strapped yet eager to set themselves apart from the pack. Facing that kind of business pressure, retailers often don't give credit card services—or the sales agents selling them—a second thought.

A software-based processing solution is naturally a more sticky sale. That's because moving to a software-based system isn't an isolated transaction; it's the start of a long-term commitment between the company and the retailer. Even beyond payments and point-of-sale systems, software-based solutions are ushering in a new—and potentially more lucrative—relationship between customers and companies. Software-based systems have been shown to revolutionize how companies do business, but with that promise comes the understanding that solution providers must be committed to long-term customer success. Without that kind of ongoing support and quick response to customer feedback, the model simply doesn't work: Software-based companies are successful when their customers are successful.

When retailers learn what sets a software-based solution apart from hardware systems, they understand that the sales agent isn't only offering a transaction. The sales agent is the point person for a full army of customer success staff that will proactively seek out feedback, troubleshoot problems and respond to feature requests. That's an easier value proposition to present—and a far stickier sale to close. Sales agents that recognize the revolution will be ahead of the pack. Those that don't will get left behind.

THE SOLUTION

In-store shopping isn't going anywhere. A 2016 survey of more than 5,000 customers showed that 72 percent plan to shop in-store as much as last year, and 18 percent actually plan to increase their in-store frequency. But retailers that stick to the same-old solutions will find themselves losing market share as customer expectations continue to rise.

The survey found that “personalized experience” and “smart recommendations” were roughly on par with “prompt service” for the thing that consumers value most highly when visiting stores. A retailer who thinks they can offer cutting-edge personalization and smart recommendations with a hardware-based solution is akin to someone trying to use Siri on a Nokia: It’s just not going to happen.

Both retailers and sales agents need to warm up to software-based and app-based processing solutions. Comparing a next-gen software solution to the tasks retailers can handle with a hardware system doesn’t make any sense: The future of retail isn’t only about getting faster with the features that have always existed. It’s also about offering and embracing new features that cater to consumers’ shifting expectations around an in-store experience. It’s about building ramparts against an increasingly sophisticated onslaught of cyberattacks and data breaches—without having to suffer through downtime or hardware upgrades. It’s about enhanced memory, connectivity and usability that make the old hardware system look like what it’s quickly becoming: a relic from the past.

Some retailers will scan the list of what’s possible with a software-based system and claim that they don’t need the wide array of features and benefits. And that might be true, that they don’t immediately need the entire feature set. But that set is an insurance policy to maintain a competitive edge: As other stores roll out new features or offerings, retailers using a software-based solution will find that embracing features is nearly effortless. There’s no need to upgrade hardware, to slog through a new list of potential vendors, to figure out how to integrate innovation into the existing system. That’s because innovation is built into a software-based system. It’s ready at the retailers’ fingertips, whenever they want to deploy it.

THE FUTURE OF POS

There was a time not too long ago when cash was king. Then the magnetic strip revolutionized payment by plastic credit card. Then the EMV chip reared its head in the U.S., after decades of offering higher security abroad. It’s impossible to glean what the future will bring for point of sale—or how this will impact retailers. But there’s no question that the pace of change is accelerating, and retailers who dig in their heels about a certain type of payment or cling to their old processing systems will likely find themselves left behind.

Even without a crystal ball handy, it's clear that the payment landscape will continue to evolve. Digital currencies, improved payment infrastructures and the surge of mobile payments are just a few of the payment innovations that experts think will impact the retail future, according to the World Economic Forum. And that evolution and thirst for innovation is driven as much by customers' expectations and preferences as it is by technical changes. On-demand delivery, online shopping and the sharing economy have all radically reshaped the retail landscape. Modern consumers don't bring one set of expectations to brick-and-mortar shopping and a separate set to the online environment. Instead, those different channels have raised the tide of the consumer shopping experience across all channels: They want personalized service, tailored offerings, a retailer who knows their habits and behaviors and rewards their loyalty.

Retailers face both increasingly stiff competition and consumers who are demanding and sophisticated in how they expect to be sold to. That means retailers eager to future-proof their business against uncertainty and retain a competitive edge must make the switch now to a payment platform that's flexible, intuitive and seamless; one that can upgrade and innovate effortlessly, so staying ahead of the competition doesn't mean disrupting day-to-day business. POS sales agents that want to stay relevant and successful must stop selling the past with hardware-based systems and instead offer the future. Software-based solutions are the solution.

ABOUT INSTORE

Instore is a single, simple operating system for a retail business. Starting with point of sale, the Instore Pro platform includes labor management, customer rewards, CRM, marketing, gift cards, reporting, inventory and more. Merchants seeking an even simpler solution use Instore Terminal, which combines payments, gift cards, rewards and CRM for one low price. Merchants in a wide variety of industries save time and money managing operations on Instore while growing sales through integrated features that inspire repeat customer visits. We partner closely with payments companies and their agents to offer a compelling, integrated solution that merchants love. Instore was founded in 2009 and is based in San Francisco, CA.

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