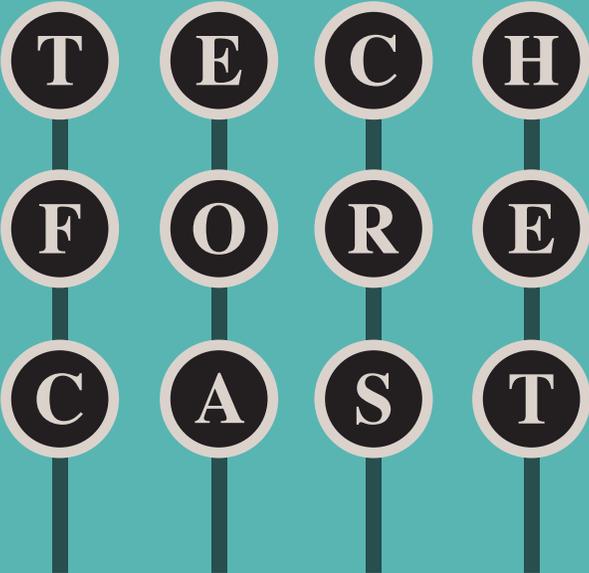


LightSpeed®



Retail



LIGHTSPEED'S ANNUAL RETAIL TECH FORECAST 2014

More and more, savvy brick and mortar retailers are turning to technology to help them make smarter decisions about their business and stay competitive in an omni-channel world. In the past year, buzzworthy terms like iBeacons, heat mapping and social selling have become part of the conversation about the future of retail. But what are the technologies that matter most to independent retailers?

We surveyed 640 of our customers to find out. Retailers are loud and clear: they are looking for innovative inventory management and predictive analytics solutions above all else. Tools like mobile checkout, mobile inventory lookup and integrated eCommerce, which help them sell smarter and better are on the rise, while advanced technologies are far off on the horizon.

- ▶ The number of retailers who use predictive analytics is expected to double in the near future.
- ▶ 72% of retailers who use predictive analytics today say that it has increased sales.
- ▶ For small-to-medium sized retailers, data-driven personalized marketing is still in its infancy, with only 14% taking advantage of its potential.
- ▶ Topping the list of immediate impact tools is inventory management software, with 84% of respondents saying that they help create a unique customer experience.
- ▶ The percent of retailers using tablets, smartphones and other mobile devices in-store is expected to double by the end of 2014.
- ▶ 80% of those retailers who currently use mobile devices in-store report that it has increased sales.

CHAPTER 1:

WHO, WHAT, WHERE, & HOW MUCH?

Between April 15 and 28, 2014, we polled 640 small to mid-sized LightSpeed customers about their retail technology buying habits. Here's a snapshot of who they are:

WHERE ARE THEY FROM?



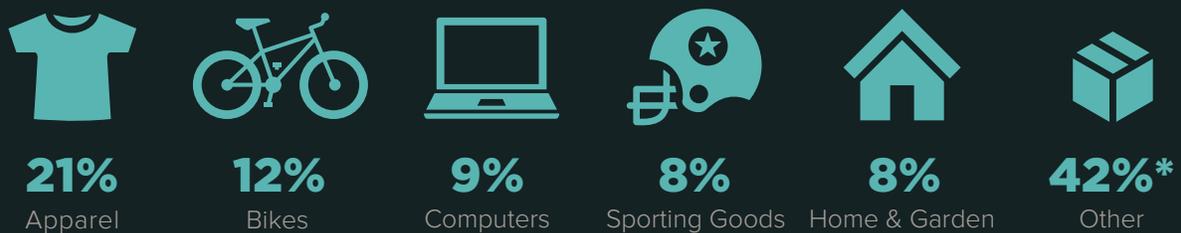
ANNUAL REVENUE \$USD



NUMBER OF LOCATIONS



WHAT THEY SELL



HOW THEY USE LIGHTSPEED



*Includes kids & toys, jewelry, liquor, pets, grocery, and more.

CHAPTER 2: INVENTORY MANAGEMENT, PREDICTIVE ANALYTICS AND THE CUSTOMER

Retailers require data to help them buy and sell more precisely. They need to know how stock is performing, how to avoid order redundancies and what products will set them apart from their competitors.

A majority (84%) also recognize that inventory management tools drive unique customer experiences and contribute to increased sales (73%), while 33% say unique inventory has the greatest impact on attracting customers and making a sale.

RETAILER CONCERNS:

“Figuring out which products, pricing and promotions that we can offer in-store and online to compete against Amazon and Costco.”

- Jenny Otsuka of Zest Kitchen Soup



DATA AND THE CUSTOMER

Data-driven personalized marketing is on the rise.

14%

Use data-driven personalized marketing today.

51%

Plan to use this kind of marketing in the near future.

264%

INCREASE!

PREDICTIVE ANALYTICS

Investment in predictive analytics tools that help retailers make more informed buying and selling decisions is on the rise.

23%

Currently Implemented

48%

Future Plans to Implement

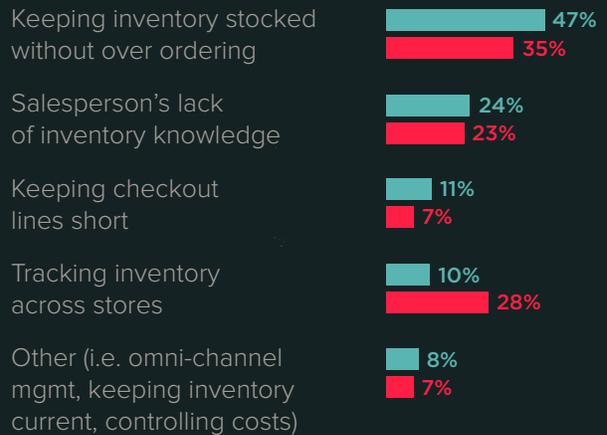
108%

INCREASE!

72%

of retailers who use predictive analytics say it has increased sales!

BIGGEST RETAIL INVENTORY CHALLENGES



Single Location



2 or More Locations

TOP 3 REASONS RETAILERS INVEST IN:



Inventory Management



Predictive Analytics



58% **45%**

Make Their Job Easier



54% **41%**

Streamline Manual Work



37% **52%**

Drive Revenue

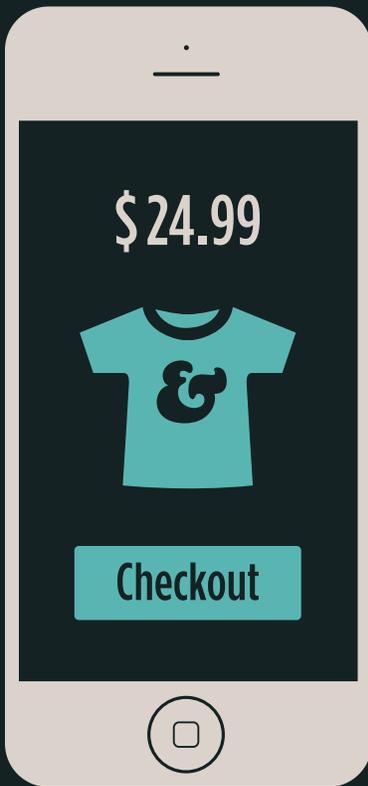
CHAPTER 3: MOBILE ON THE RISE

Today, we're all connected to the Internet and each other through our smartphones and tablets. Retailers are using these tools to meet customers in their own space, on the sales floor, as well as at markets and pop-up shops. Mobile checkout and mobile inventory look-up helps improve customer experience and makes life easier for sales associates.

RETAILER CONCERNS:

“Making sure we have the inventory organized and ready to deploy without the dreaded search for it in the stock room.”

~ Ann Jackson
of Tumbleweed Gifts Shoppe



THE MOBILE WORLD TODAY AND IN THE FUTURE:

MOBILE CHECKOUT

17%

Currently Implemented

46%

Future Plans to Implement

170%

INCREASE!

MOBILE INVENTORY LOOKUP

22%

Currently Implemented

40%

Future Plans to Implement

82%

INCREASE!

80%

Of retailers who have implemented mobile checkout say **it has increased sales.**

TOP REASONS RETAILERS INVEST IN:

 Mobile Checkout

 Mobile Inventory Lookup



43% 34%

Improve Customer Experience



31% 41%

Make Their Job Easier



34% 44%

Streamline Manual Work



24% 20%

Drive Revenue

CHAPTER 4:

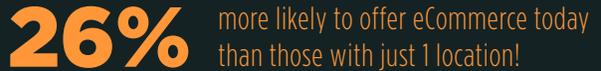
ECOMMERCE: TWO CHANNELS, ONE SOLUTION

Brick-and-mortar retailers are increasingly offering their customers the opportunity to shop online. While eCommerce has yet to make a huge impact on a retailers' bottom line, many respondents want to participate in the omni-channel economy and extend their brand across platforms.

THE ECOMMERCE PICTURE

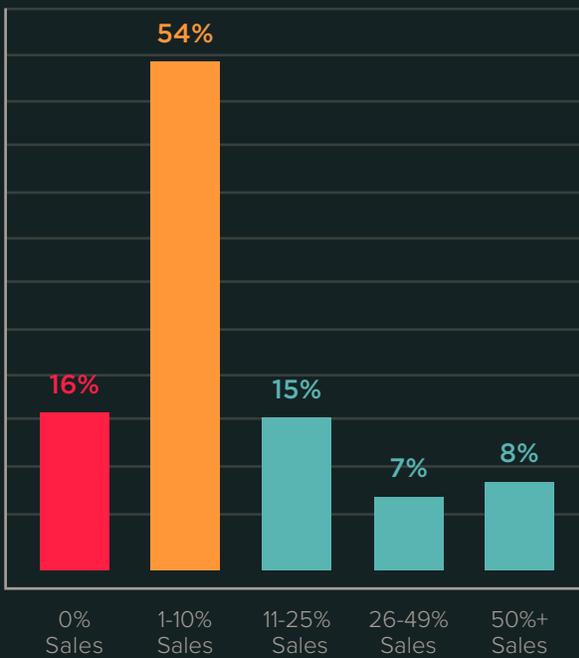


Retailers with two or more locations are:



ECOMMERCE FINANCIALS

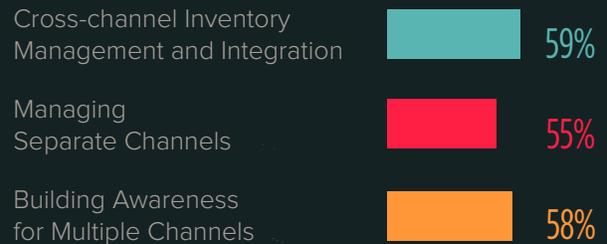
Percentage of store sales from eCommerce:



WHY ECOMMERCE?



TOP 3 ECOMMERCE CHALLENGES FOR SMALL-TO-MID SIZE RETAILERS



CHAPTER 5: LOOKING FORWARD

TOP 3 THREATS TO BRICK-AND-MORTAR



While some statistics reveal retailers are hesitant to invest in advanced technologies, they are aware that physical and digital commerce is merging. At the same time, the overall cost of technology and systems that don't integrate with each other preoccupy independent retailers.

With sophisticated inventory management tools and predictive analytics, retailers can mitigate some of these challenges. They can create unique and differentiated customer experiences using mobile checkout and meet their customers' needs directly on the sales floor.

And finally, the field is wide-open for independent retailers to create a more personalized shopping and marketing experience.

All in all, it's a very dynamic marketplace!



who don't currently offer their customers an eCommerce option plan to implement one within a year.

don't plan on implementing iBeacons, heat mapping, fitting room technologies or smart screens in the near future.

ABOUT LIGHTSPEED

At LightSpeed, we build end-to-end commerce solutions that retailers use to create a better shopping experience. We do it by unifying point of sale, inventory management, customer management, and analytics across all channels, in-store and online.

Our philosophy combines the tactile with the digital, the cutting-edge with the tried-and-true. We believe that retailers of all sizes should have access to top-tier technology that helps them succeed in this rapidly changing industry.

More than **19,000** stores use LightSpeed's POS and retail tools to sell over **\$7.3** billion a year.

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[Facebook.com/LightSpeedPOS](https://facebook.com/LightSpeedPOS)

Start a free trial at lightspeedretail.com

Questions? Call us at **1-866-932-1801** or **1-514-907-1801**

Or email us at hi@lightspeedretail.com