



## Reality Check: Retail wireless trends

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**Editor's Note:** Welcome to our weekly Reality Check column. We've gathered a group of visionaries and veterans in the mobile industry to give their insights into the marketplace.

In my final of four guest columns, I'd like to discuss wireless retail trends – how evolution in wireless technology is simultaneously enabling and enforcing a sea change in the way consumers make buying decisions and purchase mobile devices and other products.

Nearly every adult in the U.S. has a wireless phone. By the end of 2010 there will be five billion cellphone users worldwide, according to a U.N. estimate — an increase of more than 500% since 2001. Americans, on average, replace their cell phone every 18 months. And the product mix is changing. By the end of this year, 50% of mobile phones in use the U.S. will be smartphones.

To this widespread adoption of smartphones add netbooks, tablets and other mobile Internet devices the boundaries between wireless telephony and information technology quickly begin to blur. Plus, the ever-accelerating pace at which new technology is introduced has shrunk the mobile device lifecycle to just months, in some cases, and exponentially increased the complexity of the purchase process.

### **The consumer experience**

This makes a very difficult environment for consumers to make confident decisions. It's more important than ever for merchants to present consumers with an experience that cuts through the confusion, focuses their attention and helps them make the right choices. Giving consumers the information and the confidence to make the right purchases becomes absolutely critical to generating sales and building customer loyalty.

A dynamic wireless marketplace is nothing new, but in this highly competitive environment, it's essential to a product's success that its value proposition is fully-developed and easily understood, it is clearly differentiated against peer

devices, and it be brought to market with all speed. The right point of sale merchandising and packaging will communicate this information to consumers at this most critical point in the process.

### **Multi-channel market**

Consumers are looking for value, whether they're shopping for a basic device or one with all the bells and whistles. They're using technology in new ways to understand and find value, which has led to interesting opportunities for some retailers to embrace and even redefine multi-channel marketing.

To be successful today, brick-and-mortar establishments must offer an online experience that is consistent with their offline experience. Where it used to be acceptable to offer different products in different media, today's shopper uses a variety of media, each supporting the others – researching products online and buying at the store, for example, or vice versa. Shoppers expect to find an identical experience and when they don't, they're likely to take their business elsewhere. Those defections can be especially painful for a retailer since multi-channel shoppers tend to spend more than those who shop a single channel. It's critical to offer multiple ways to research, shop and buy. One of Brightstar's most popular services is creating e-commerce programs to support online sales, and fulfillment of the product.

Progressive retailers are using technology to expand and integrate ways to reach customers. As access to the Internet has expanded to virtually anywhere, including inside a store, consumers have developed a powerful advantage. At the point of sale, they can easily research a product online, check competitor pricing or availability. As a result, what they find online may cost the store they're standing in a sale.

Recently, retailers have begun to utilize mobile apps to their advantage. Using the phones' location-sensing capabilities, retailers can use a consumers' phone as a point of sale device, sending product information, coupons or other offers

to consumers who are in or near the store. Consumers are incented to share their location but since the retailer must be granted permission to contact a shopper's mobile device there are limitations.

### ***Store design and merchandising***

Evolution in retail design is a reflection of changing trends, shopping preferences, demographics and psychographics. Retail design has to be dynamic. It has to stay contemporary, relevant and fresh. And speaking of relevance, it must be targeted. To be most effective, the retail designer has to understand customer demographics, what kind of environment they're designing for and the level of staff engagement. A wireless product display in a convenience store will have different requirements than a mass retailer, for example. During the past few years, designers have become much more sophisticated in their understanding – the merchandise, store design and visual merchandising must be coherent in order to present an encompassing customer experience.

Retailers are looking for alternatives that facilitate the purchasing process: more thorough, descriptive merchandising and digital signage, for example, as well self-serve areas. Innovation, trials and pilot projects are much more prevalent as retailers are willing to try new forms of merchandising, expand categories or change staffing models in order to compete.

### ***Looking forward***

Wireless connectivity, smartphones and social media have created demand for consumers to be tapped at every second. By the end of 2010, 1.2 billion people will carry handsets capable of mobile commerce. Customers will expect their favorite retailers to deliver across mobile, Web and in-store.

Mobile devices will continue be an important driver of sales for retailers. As an example, Best Buy recently demonstrated its commitment to mobile when it announced to add more than 900 new Best Buy Mobile stores to its network.

In the future, both online and brick-and-mortar retailers will need to focus on consumer mobility, allowing customers to shop when and where they prefer, as a way to connect intimately with them.

I'm amazed how much and how quickly the wireless market has changed during the 13 years Brightstar has been in business. It's expanded beyond traditional direct and indirect dealers so that a sizeable percentage of devices are now purchased at retailers, specialty outlets and convenience stores. Brightstar has stood in the middle of the wireless

ecosystem as it has evolved, growing and adapting with the OEMs, carriers and retailers who are our customers. Over the years, our customers have asked us to help them meet the new demands of the marketplace – to manage the wireless category at retail, create merchandising and sales floor designs, develop eco-friendly packaging, and transform their e-commerce strategy from an idea into a full-scale program that serves their customers, to name just a few. In many ways, Brightstar has embodied the evolution of the wireless market. And like the market, we're always looking ahead to what comes next.

I've enjoyed writing these columns over the past four months. I'd like to thank you for the opportunity to share my views on the state of the wireless industry and I look forward to contributing again in the future.

*Marcelo Claure is the chairman, president and CEO of Brightstar Corp., a leading global services company providing innovative distribution and supply chain solutions to the wireless industry. Brightstar offers leading wireless and IT manufacturers the largest global reach, enabling the right product to be in the right place, at the right time. Brightstar's supply chain solutions are used by the world's top network operators and retailers to improve financial results, increase EBITDA and turn their supply chains into a competitive advantage. For more information on Brightstar, please visit [www.brightstarcorp.com](http://www.brightstarcorp.com).*