Online-Offline Convergence

New technology is transforming what consumers expect from retailers and financial institutions. As payments, banking, social networking, and commerce intersect through smartphones, tablets, personal computers, and brick-and-mortar stores, consumers seamlessly cross online and offline channels in pursuit of value, convenience, validation, and a buying experience personalized to their specific preferences.
Universal Commerce Innovation Exchange

The Innovation Exchange, sponsored by First Data, is a group of industry thought leaders who provide perspectives on consumer and technology issues related to the convergence of in-store commerce, eCommerce, and mobile commerce.

The goal of the Innovation Exchange is to advance conversation on the topic, bringing to light many of the opportunities, challenges, and realities faced in bringing the vision to life – all through open and continued discourse among some of the leading experts in this evolving arena. The Innovation Exchange represents diverse roles and viewpoints within the industry.

Please visit www.firstdata.com/innovationexchange for more information.

This paper includes comments from discussions among four members of the Universal Commerce Innovation Exchange as they explored the implications of online-offline convergence on markets and business.

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Introduction

Recent research conducted by First Data shows that consumers have a strong interest in blending and coordinating activities across online, offline, and mobile settings. These consumers are especially interested in self-checkout using their mobile phones, and in receiving special offers when near a store. One-third of consumers surveyed indicated their desire for a seamless shopping experience, meaning any transaction, on any device, at any time.

Furthermore, 83 percent of respondents agreed that they want companies to do a better job of merging online and offline experiences.

Yet, according to Chain Store Age (September 2011), only one in 10 retailers feel they currently excel at cross-channel execution.

This online-offline convergence has both business and social implications that require a rethinking of basic business models, consumer relationships, business process management, and the technical infrastructures that support them.

Integrated Customer Experience

Convergence isn’t on consumers’ minds. They just want a consistent experiences from a business no matter when, where, or how they transact with that business. To paraphrase Alisa Maclin, a member of the Innovation Exchange, “Make it convenient and satisfying for your customers to do business with you, and they’ll return.”

Accurate, Consistent Customer Data Is Critical

Data is maybe the most important aspect to a consistent customer experience. The opportunities of uniting within should be considered not only from the perspective of creating consumer experiences that drive sales and loyalty, but also from the perspective of product delivery, payment, data and privacy policies, and the infrastructure needed to serve customers in the age of Universal Commerce.

Organizations Are Rethinking How They Do Business

The business landscape is changing in ways that hadn’t been imagined twenty years ago – from marketing to competition to communication platforms to partners and much more. Retailers and financial institutions should challenge themselves to look beyond today’s solutions, even beyond today’s challenges. Think broader. Think deeper. Rethink. Over time, complacency is likely to bring about more challenges than opportunities.
Integrated Customer Experience

Discussions among the sub-group of Innovation Exchange members centered on the need for organizations to present a common purchase experience to customers, regardless of where they choose to interact. Organizations need to understand what customers expect. Given that consumers’ needs and desires fluctuate often and based on many variables, organizations must focus on their abilities to adapt quickly and easily to meet customers’ expectations.

Does online-offline convergence make traditional channels irrelevant, or are there deeper operational implications?

**Alisa**
In some ways, the notion of “channels” is becoming irrelevant. Consider this: A consumer goes to the mall because she receives an emailed coupon redeemable in a store. She finds the item and uses her smartphone to check the price to see if she’s getting the best deal. She decides she is and pays for the item using her mobile wallet. She then gets a text with a coupon for a bag of coffee at the Starbucks in the same mall. She swings by Starbucks to buy the bag of coffee, grabbing a latte while she’s there. Now, she’s not thinking about what channel she’s using. She’s just having a seamless experience she takes for granted.

From my perspective, businesses should begin by focusing on the experience they want to create, whether customers are engaging with them over social media, their mobile phones, in the store, or talking with the call center. Then, consider how best to create that experience given the channels employed.

**Dickson**
What we’re calling “online-offline convergence,” in a somewhat abstract and academic way, is for many consumers simply natural behavior. They’re now comfortable using the Internet to search, shop, and communicate and have easily migrated the same behavior and expectations onto mobile devices. Here’s a personal example: A big storm caused all the trains out of D.C. to be canceled. My destination was close enough to drive, so I went to the Avis counter to see about getting a car. I wasn’t the first person with that idea, so the line was long. While I was waiting, I fired up the browser on my iPhone and booked a reservation with Avis online using my “preferred” status and stored payment information. As soon as I received the confirmation email, about 10 seconds later, I got out of line, walked straight to the car that was waiting for me, and drove away.

Now that’s a different kind of purchase experience. We might call it online-offline convergence facilitated by an online transaction on my phone, but as a consumer I’m just happy to be out of line and on my way. These kinds of experiences are changing established notions of queuing up in line to place and pay for an order, even when you’re using an offline channel.

“What we’re calling ‘online-offline convergence’ ... is for many consumers simply natural behavior.”

Dickson Chu,
Commerce and Payments Industry Advisor
The shift is happening, whether businesses believe their customers are proactively engaging or not. People are in stores using their mobile devices to check prices and to consult with their friends or rating sites on whether to buy the item they’re considering. The same is true for bank customers who are checking mortgage rates, or for travelers at the airport checking flight options after a cancelation – consumers are integrating their online and offline behaviors.

I agree. Convergence isn’t just an organic trend that is driven by innovative retailers that want to create an integrated online-offline shopping experience. Retailers are also reacting to consumers’ bringing the Internet with them into stores through their mobile phones and tablets. That creates both a threat – such as price and reputation transparency – and an opportunity – such as the ability to digitally connect with consumers to influence buying while they’re in your store or near it. Merchants have to decide if they want to view online-offline convergence as a threat or an opportunity.

The wake-up call for merchants and FIs (financial institutions) is the age-old “understand what customers expect.” And expectations are moving fairly quickly. How long does it take for a consumer to prefer a different retailer because it’s just easier to do business there? How long does it take to move from “Hey, this is kind of cool,” to “Wow, this makes it so much easier for me to get what I want – and I don’t have to stand in line anymore?” Merchants won’t be able to choose whether or not to play in this new game. It’s happening and consumers are being persuaded and nudged towards preferring one brand versus another because of convergence.

We view channel, and specifically online-offline convergence, as an opportunity for retailers to bring best practices of the online world to their retail shopping experience. As a retail shopper, I want to have access to the same tools that help me improve my online shopping experience such as easy checkout, personalized and relevant offers, access to reviews, and the ability to place things in virtual shopping carts.

I don’t believe channels have become irrelevant, but there is a new demand that they complement each other to provide incremental information or other benefits to our customers. Some customers like to shop via a Web site, but prefer to buy in physical stores. Others shop in physical stores to get ideas on products they like, but like to buy online or from an in-store kiosk where there’s a broader selection that can accommodate unique sizes or color preferences.

I agree that customers think about relationships, not channels. If I buy through your Web site, I expect you to recognize me in the store. You have to have a unified view of customer data regardless of the merchant-defined channel that the customer has used, physical or virtual.
Dickson

What’s outdated is operating channels as silos, as separate business units that don’t share the same systems and, as a result, don’t share the same inventory.

Also, consumers feel, “Well, you’ve bombarded me with all these personalized messages online, so shouldn’t you actually treat me differently in the store, too? Shouldn’t you know me, whether I call you about something in your catalog, do self-serve on your Web site, or come in your store? It’s not unreasonable for a consumer to assume that since retailers, banks, and brands have spent so much time and money collecting information about them to personalize their experience that they should expect that we-know-you experience across experience modalities, aka “channels.” Shouldn’t an in-person experience be just as personalized as the Web site experience?

Alisa

Retailers definitely have to break down the silos. Many marketing departments are still structured around channels, with eCommerce, catalog, store, mobile, and kiosks having their own goals and objectives, and often their own data.

While you do need to think about channels from a practical perspective – are offers formatted right for a Droid versus a computer screen, for example – you have to evolve from being structured around channels to being structured around customers.

Sophisticated retailers are getting much better at integrating, which is essentially the ability to see their offers from the customer’s perspective. Electronic coupons that you receive while you’re in the store, either automatically on your phone or when a sales associate gives you the code to download them as an extra incentive to make a purchase, are a simple example.

Does online-offline convergence change the role of the traditional point-of-sale?

Dickson

I do think the notion of point-of-sale changes pretty significantly in light of converging online and offline expectations. Consumers are wondering, “Shouldn’t I be able to walk into a store and do the equivalent of an Amazon One-Click purchase? You already know me. You have my payment credentials.”

Retailers have the opportunity to remove the whole payments bit from the actual buying experience in the store. Addressing this opportunity will obviously entail investment, and there’s no end of internal debate and caution among retailers about how necessary it is to upgrade or replace expensive POS systems. But no matter how you dress it up, it’s a bad experience to channel everyone through a queue to wait to pay. How can we reconcile spending all this marketing money to get someone to come into our stores, invest in training store personnel to create personalized shopping experiences, only to end with an incredibly antiquated and poor checkout experience? This is one of the drivers behind why Nordstrom decided to change the way they engage with customers by moving to mobile terminals for checkout. They’ve rolled out thousands of mobile terminals to sales associates and doing away with checkout counters to create the better consumer buying experience and along the way freeing up floor space for additional merchandise.
It’s important to continue to offer customers the choice. Some will prefer to have a traditional checkout experience. Some may want to use their mobile phone to checkout without waiting in line. Some may want to use a different model of self-service checkout where you still interact with a store employee but the customer is using the retailer’s mobile device, letting checkout happen anywhere in the store.

Merchants put value in the POS experience. It gives the merchant another opportunity to engage in a personal, face-to-face relationship with the customer, to make sure they found everything they wanted. Done properly, it’s another level of customer service.

I agree that merchants like to have another “customer touch” at checkout. But no one truly ever wants to queue up in line to pay. At the center of online-offline convergence is respecting your customers’ time. Emerging payment trends that bypass checkout lines save customers time and can potentially drive cost savings to merchants as well. So you see places like the Apple store delivering a great customer experience by decreasing or eliminating checkout lines, using the store space more efficiently, and potentially saving checkout labor costs.

Plus other savings not often written about since it’s pretty boring such as the largest expense in checkout behind labor and swipe fees is the printer costs and paper. With electronic receipts you deliver a better experience, are more operationally efficient, and save a bunch of money.

Technology companies and even FIs have to demonstrate to merchants the timing of the payback of change, and make some kind of commitment around it.

Both will continue to co-exist. To me, the power of online-offline convergence is less about point-of-sale and more about giving retail shoppers access to the same digital services for their in-store shopping experience that they have in their online shopping experiences.
Accurate, Consistent Customer Data Is Critical

The group explored the importance of customer data to successful cross-channel customer experiences, and its opportunities to help businesses move forward. The Innovation Exchange members agreed that ensuring data is available to all relevant areas of an organization in many cases has significant impacts to back-end operations and technical infrastructures.

**How important is leveraging online data into the offline experience?**

**Eckart** From an IT infrastructure perspective, you want your systems and data to be as consistent channel-agnostic as possible. You want to understand online, offline, and mobile users, and how your marketing touches all of them.

**Alisa** The back-end implication is that convergence demands a holistic approach to collecting, analyzing, curating, and protecting your customer data over time.

**Dickson** I think convergence is changing the inherent value of data, and creating the opportunity to finally unlock and make use of that data in real-time. Issuing banks have a ton of data about you as a cardholder, but can't really do anything with it in real-time. Moreover all that card spend data is merely necessary but not at all sufficient for understanding current and future consumer purchase behavior. But with mobile technologies, you can converge to do something with it at the point-of-transaction, even pre-transaction, or post-transaction. By combining other data points such as location, Web surfing, mobile app usage, etc., with the traditional transaction data collected by banks and merchants’ POS systems, you have real context about where that consumer is at the moment, where that consumer was 30 minutes ago and what he was doing, and can with confidence predict what he’s going to do next. Being able to predict a consumer’s intention will be the new Holy Grail enabled by convergence.

**Alisa** We can expect continued innovations in combining data from within an organization’s firewall, such as in-store or online transactions, with data from beyond the firewall, such as social sentiment and behavior analysis. Being proficient at this helps you anticipate trends and predict shopper/buyer behavior, which helps you become more efficient in your inventory control. This insight can tie into inventory strategies and supply chain optimization, which helps you ensure that you’ve got the right products and services in the right locations at the right time. Plus, if someone is shopping online and they want to pick up in the store, you need a back-end system that can check inventory and confirm where it can be picked up, getting the right people to the right merchandise and reducing out-of-stocks and overstocks.

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Online-Offline Convergence

Universal Commerce

That example is one reason of the importance of purchase channel convergence. If someone pays for an order online, they might still want to pick the item up in a store or return it there for a refund or exchange. From a marketing perspective, you want to make sure that your logistics infrastructure can deal with these kinds of scenarios and make sure inventory goes to the right stores for pickup, and gets sent back to the right warehouse if it’s returned to a store, or can be received into that store’s inventory.

Converging online and offline thinking definitely translates into changing processes for serving customers, strategies for managing assets, and supply chain workflows. Here’s an example: A nationwide retailer invested millions on a new inventory management system designed with convergence in mind, tying together their physical stores and online presence.

Now you could say, “Big deal,” but this gave them full supply chain visibility down to the store level, and enabled them to concentrate items in their distribution centers to make smarter shipping decisions. They also realized that having system-wide visibility into inventory meant stores could do double duty as distribution centers.

So they transitioned from a concentrated distribution model – which is traditional for online and catalog – to a model with 400 of their stores serving as distribution centers. Now when someone orders something online, they can do one of two things. They can find the closest inventory and ship from there, whether it’s a distribution center [DC] or a store, to save on shipping costs. Or, they can ship the requested item from a store location where it hasn’t been selling and is about to be marked down. The system can calculate these options and determine the one that optimizes return to the business.

Now they can release working capital that may be trapped in store or DC inventory. A simple example is demand that fluctuates with weather. You have an end-of-season snowstorm in Vermont and are selling out of snow blowers there while you’re getting ready to mark down your snow blower inventory in Kansas. Instead, why not serve the full-price demand in Vermont with the inventory that otherwise would be “trapped” in Kansas?

You’re delivering a differentiated experience to your customers, avoiding out-of-stocks, and letting them choose to pick up orders in a nearby store or wait for the shipping. And you can match full price inventory, wherever it is in your network, to wherever the demand is, which helps you delay or even avoid discounting. The ROI for that investment is not hard to calculate.

There are a lot of places we can take these opportunities, especially using mobile technology. Say you’re shopping for something online or on a mobile device and checking availability. Using GPS we could identify where you’re at right now, and we could read the inventories of nearby stores and push a message to you letting you know the store a half mile from you has that product in stock today. And we can take it a step further and say, “Would you like us to go ahead and pull that and reserve it for you to swing by and pick up?” Then you don’t have to worry about ordering it online and waiting for UPS to deliver it.
Here’s another idea: Imagine you have an overstock situation, but have integrated your systems on the back end. You’ll know to populate your general offer and club emails with those overstocked items to stimulate movement. That’s a bit trickier than it sounds, because emails often sit a while before people open them. Ideally you’d want to populate the offer with whatever is overstocked at the time the email is opened rather than when it’s sent. There are some interesting technical complexities, but there are companies beginning to employ these types of strategies.

It all comes down to delivering additional and relevant information to customers. This could be with sophisticated promotions, such as knowing what a customer buys online and offline, leveraging geo-location technology to detect when they’re by your store, and pushing them a text message about a sale going on right then for an item they like, spurring an impulse buy. Or, it could be something more traditional, like when your receipt at the grocery store has coupons printed on the back based on items you buy frequently, so you’ll come back to use the coupon. While today that’s not cutting edge, the stores that first started doing that 10 years ago stirred up attention from investment journals and magazines about revolutionizing retail.

We have a client in the hotel and casino business that does some pretty creative things with location-based promotions. Let’s say you’re staying with them, but happen to be out having a drink down the boardwalk somewhere. They can target you with an offer via text message to come back for two free drinks at their casino. From what they’ve learned about their customers, they know it won’t just be the person they’ve targeted coming back for drinks; a group of four to five or more will be coming back with them. Now, some people might think, “That’s unsettling to me that you know I’m at a casino down the street,” but the resort has a very detailed and transparent privacy policy, and their promotions are all opt-in. Customers agree to it because they see real value in these real-time promotions and coupons. They consider it a service.

There’s a caution here: We all know there’s a massive amount of information that is available on consumers, and knowing even more is just a matter of connecting the dots. You can find out an incredible amount about people, but the question is should you use it? That’s something companies must carefully evaluate.
Organizations Are Rethinking How They Do Business

During their discussions, the Innovation Exchange members returned again and again to the opportunities that online-offline convergence is bringing. Organizations that rethink how they do business can take advantage of the new tools and information available to them, including more robust customer data, almost-infinite technology growth, innovative marketing concepts, broad partnership prospects, and so much more.

How are consumer behaviors shaping the future of commerce?

_Troy_  
I don’t think we’ve yet scratched the surface of all the new doors we’ll open by converging online and offline experiences. Just a few short years ago, none of us would have envisioned what Tesco is doing in subway stations in Seoul today.

_Dickson_  
I agree that we’re just scratching the surface of what’s possible. The opportunity speaks to the notion of empowered consumers, and being able to merchandise to them in all sorts of different modalities and venues that are outside of going to a single physical place. We have the power to virtualize merchandising, promotion, and advertising.

_Alisa_  
Innovations will be driven, first and foremost, by customer insight gained through online, offline, and mobile interactions. Tesco’s understanding of their customers, knowing that they spend a great deal of their time on public transportation, fueled the concept of making virtual store shelves available, in the subway station. They make customers’ lives easier and as a result, they sell more.

Customer insight-led innovation involves two dimensions: First, you need to understand transaction data from inside your firewall. What do your systems of record reveal about customer behavior in-store and online? Second, you need to understand social sentiment. What are your customers talking about in the social sphere? What are they interested in? What are they shopping for online? Many companies are starting to use crowd sourcing for product development and testing.

Technology aids in both, and is at the fingertips of companies today. However, I don’t want to make it sound easier than it is. Even your own transactional data may be housed in different places.

Subway Stations Are Homes to Tesco’s Virtual Supermarkets and Customers Are Eating It Up

After researching the way Koreans work, live, and shop for groceries, Tesco devised a virtual store sales strategy. The company set up large billboard posters in subways. The posters are vibrantly lighted, highly colorful, life-size photographs of grocery store shelves with detailed images of products arranged on the shelves exactly the way they would be in the store.

Commuters heading home from work are able to do their grocery shopping in the subway using a mobile app on their smartphones. Customers add products to their virtual carts using QR codes, charge the purchases to card accounts on their smartphones, and then they head to their homes. Typically, the groceries arrive at a consumer’s home about the same time he does.

“Innovations will be driven ... by customer insight gained through online, offline, and mobile interactions. ... They make customers’ lives easier and as a result, they sell more.”

_Alisa_
Retailers and financial institutions need to rethink marketing, especially in light of social networking and purchase influence. Setting up a business fan page on Facebook is necessary but not sufficient. What do you need to do to drive fans? Why would someone be a fan of yours? What is the value of a “like”? What are the things that you’re going to do to add value to your social network and followers that make you relevant? Are you using appropriate transparency and leveraging sharing and recommendations from trusted sources? Do you have credibility as an authority?

There are also new ideas from companies such as Square, which has a cloud-based point-of-sale that works on mobile devices. The system goes beyond simple transactions to pull the consumer into the purchase experience. The merchant can say, “Hey, I know who you are and I already have your payment credentials on file. Thanks for coming back. Based on what you bought last time, you might like this new product.”

When you consider all of these new players, regardless if it’s a Square or PayPal or RedLaser, we’re not sure what they’re going to look like five years from now. They could be gone or they could be huge. Ten or 15 years ago somebody might have said, “What is PayPal, why would anybody ever want to use this?” Now it’s a leading form of tender globally.

That brings up an important point about understanding the competitive landscape. Companies need to broaden their view to include non-traditional competitors, and that can sometimes be a blind spot. You may think that your competitor is the store down the street. But actually, your competitor may be eBay or another completely different business model. You have to understand all alternatives available to your customers, think in non-traditional ways, and be able to adjust your technology and business practices quickly.
What about social networks?

Dickson  With respect to leveraging social networks, IBM’s most recent retailer study shows that retailers aren’t gravitating to social media not because they don’t believe there will be benefits, but because they haven’t figured out how to best use it within the context of their existing workflows and business processes.

If you agree that social networks influence consumer behavior through things such as sharing and recommendations, popularity, and reviews from peer groups, then you have to pay attention. If you’re a large retailer and you’re not paying attention to how to play in that world, eventually that’s going to be problematic. Retailers will figure it out over time, but a more sensational view would be, “If retailers don’t figure this out soon, will Facebook be the new marketplace for purchasing?”

From my perspective, the answer is probably, “No.” Communications platforms such as Facebook are really about viewership, and there’s a huge difference between viewers and transactors. I spent three years at Yahoo! trying to get viewers to turn into transactors, and it was very hard. Communications platforms are not transacting platforms.

However, there’s an opportunity for these platforms to partner with companies that are good at commerce and transactions so they can harness and monetize viewers with engaging content. I think there’s something fairly interesting there if they can figure out how to share.

Alisa  An interesting opportunity is partnering and sharing data with companies that have similar customers but are in different markets. You could think of things as disparate as museums working with high-end fashion boutiques, because there’s some synergy among their customers.

We’re also seeing what we experience as consumers starting to filter into the way businesses market to each other. For example, engineers and software developers have online communities in which they consider purchase decisions and evaluate B2B software, componentry, and other elements. That means B2B companies need to assess what’s being said online and take part in those conversations.

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**Eckart**

Consumer behavior tends to be driven by three dimensions: utility, delight, and validation.

Utility comes from having information at your fingertips: finding what you want at the right price and in the right location or context. I want it and I want it now.

Delight often comes from discovery. I find something new and unusual and think, "Wow, I feel good about this, and I would have never thought of it."

And validation comes from social connections, from having a relationship not only with the store, but also with people who buy from that store. It’s not necessarily about getting the best price. It can also come from telling folks about a great experience or discovery of a new product, and being appreciated by the store for being a customer. You create a social connection when you share, “Hey, this store just made me a VIP and I love it.”

**Dickson**

Expect to see more real-time relationships among consumers, retailers, manufacturers, and financial institutions. When you’re in a store, the retailer or a manufacturer can push coupons to your smart device in real-time and within a context that gives you an incentive to buy. That’s demand generation of a different kind. Or you can use your smart device to ask for a better deal, telling a retailer or manufacturer, "I’m in the store looking at this item; what deal can you give me?" That’s a new kind of consumer-pull marketing based on converging technology.

For something a bit more out there, what if you as a merchant were equipped with “customer sonar” that at any given time could tell you what types of consumers were within a certain physical distance from your store. The data is consolidated so it’s anonymous, but consumers are categorized by likelihood to purchase from you, based on information the provider has about that consumer.

So if you’re a restaurant and you have this “customer sonar” around you, and you notice traffic is slow, you could in real-time push those people a message that says "For the next two hours, everything in my restaurant is half-off.” All that technology actually exists; we just haven’t pulled it together. But it’s going to happen, and will transform how we think about marketing.

**Eckart**

Online-offline convergence for payment creates a disruptive opportunity for stores to create closer relationships with their consumers. Right now, the payment “rail” is the predominant connection between online services and an offline retailer, which is why products like OfferWise are so interesting right now, making payments available as an application “rail,” letting retailers move the offline shopping consumer experience into a digital world, such as being able to Tweet purchases, get digital receipts, and have a seamless checkout experience.
Alisa The array of banking services available online and on mobile devices will continue to evolve to make banking easier for consumers and merchants. One example is the ability to take a picture of a check to deposit it – how great is that? You get a check in the mail; you take a picture of it, and it’s deposited into your account. The ability to transfer funds to someone through a bump or electronic transfer makes life so much easier – you’ve seen the commercial where a group of people split the dinner tab using their smartphones. New players such as Square are empowering street vendors, artisans, anyone to be able to take a credit card at a stall on a street corner – and bigger players such as Starbucks are signing on to use the same service. That really enables a level of commerce now that we just hadn’t seen before.

Troy There’s a tremendous opportunity for merchants and FIs to work more closely together to delight customers. That requires sharing more information, and having privacy policies that clearly state how information is being collected and shared. Let’s use the example of applying for a credit card at a particular merchant, with that merchant’s credit card being underwritten by a particular FI. Wouldn’t it be ideal if the information on the customer’s application, whether online or offline, could be utilized by both the FI and the merchant? Then the FI could determine if you’re eligible for other financial products you would enjoy.

There’s also the potential for friction between retailers and FIs because it’s increasingly easy for retailers to support alternative payments that work without the need to interact with traditional FI payment products. A good example would be a retailer creating its own mobile wallet, or leveraging an existing one. Google’s not an FI, and PayPal, although I consider it one of the largest FIs in the world, doesn’t have a bank charter. It’s a really gray area that bears more exploration as online-offline convergence continues to evolve.
Conclusion

This online-offline convergence discussion provides a number of key insights into the future of business for merchants and financial institutions:

- Online-offline convergence means different things to different types of businesses. For traditional merchants, it means more knowledgeable consumers who have higher expectations. That can result in greater price or brand competition as well as opportunities to expand product offerings beyond what stores are able to stock on their shelves, and that can have a major impact on supply chain management. More service-oriented businesses see a different face of online-offline convergence where social networks, online reviews, and GPS-based marketing change how business operates. For financial institutions, online-offline convergence is changing the point of sale and introducing new ways for consumers to make payment.

- Online-offline convergence enables consumers to build their own engagement experience, but it also enables merchants and financial institutions to differentiate themselves through the experiences and service levels they offer.

- Business practices that are being enabled by online-offline convergence are information driven, which means personal information is more valuable in a convergent business environment.

- Online-offline convergence is changing the way businesses think about “channels,” not only on the front, customer-facing end, but also on the operational side. Customers are focused on personal fulfillment and do not think in terms of channels.

- Online-offline convergence is opening the door to new kinds of partnerships among merchants, service providers, and financial institutions. New partnerships may emerge based on compatible product or service offerings and data sharing.

The online online-offline convergence discussion continues. This is an area of rapid change for merchants and financial institutions, and it is developing as a result of consumer expectations and new technological capabilities. What is the right convergences strategy? That depends on the market segment, business model, and competitive landscape. However, there is no question that merchants and financial institutions need to be thinking about convergence as they modernize their strategies and operations. As more capable tablets, smartphones, and mobile applications come to market, and as businesses offer more innovative services, the convergence of online and offline business activities will continue to have a profound impact on the way merchants and financial institutions operate.
The document contains information about the authors. It includes brief bios for each author, detailing their professional backgrounds and contributions.

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As Senior Vice President, Retail Payment Solutions and Multi-Channel Sales and Services for Kohl's, Troy Carrothers is responsible for leading the Kohl's Card Program, managing Kohl's credit operations, service centers, and risk management for Kohl's and non-Kohl's Card business in-store and online. These responsibilities include the full servicing for credit card issuance, underwriting, risk management, and third party credit card acquisition.

Troy has held management and senior management leadership roles in investments, risk management, collections, finance, underwriting, customer service, and credit operations in the U.S. and Latin America with Kohl's, Citigroup, and Fidelity Investments. Prior to entering the financial services industry, Troy worked in retail management.

As an active member of several charitable organizations for children (including Junior Achievement and Bright) and a part-time college professor, Troy is highly involved in the community. He is also on the board of several professional and charitable organizations in Wisconsin. Troy holds Bachelor's and Master's degrees in business administration from the University of Texas and Thunderbird School of Global Management, respectively.

**Dickson Chu, Commerce & Payments Industry Advisor**

Dickson Chu is currently an investor and advisor to emerging companies in the commerce and payments industry. Dickson is an accomplished general manager and innovative product builder with 25 years of experience working at the intersection of financial services, customer insights, and the strategic use of technology. He is an active advisor to a number of emerging companies — such as Sequent Software, Leapset, and AdMobius — that are working to define the next generation of mobile commerce and advertising.

Most recently, Dickson was SVP of Merchant Solutions at LivingSocial, where he was charged with creating a new business unit to go beyond the “daily deal.” Prior to that, he was Managing Director, Digital Networks in the newly created Citi business unit, Global Enterprise Payments (GEP). In this role, he had global responsibility for leading the development of new digital payments capabilities for mobile network operators and Internet companies delivering eCommerce, mobile commerce, and P2P payment services.

Prior to joining Citi, Dickson was Vice President of Global Product and Experience for PayPal. In this role, he led product strategy, development, and user experience design for the millions of PayPal consumers and merchant customers around the world. Additionally, Dickson has held various senior management roles at companies such as Yahoo!, I-Impact, Wells Fargo, and CSC Index. He received a BA from St. Mary's College of California.

**Alisa Maclin, Vice President of Marketing, Smarter Commerce, IBM**

Alisa Maclin is Vice President of Marketing for IBM’s Smarter Commerce Initiative. Smarter Commerce is a unique approach designed to help companies better integrate and more effectively manage their value chain — including buy, market, sell, and service processes — to put the customer at the center of decisions and actions. As leader of Smarter Commerce marketing, Alisa is responsible for global marketing strategy and execution for IBM’s commerce-related product and services portfolio, including over $3B in recent acquisitions.

Previously, Alisa was Vice President of Market Strategy and Planning for IBM Global Business Services, with responsibility for developing and executing marketing strategy for IBM’s consulting and application management business worldwide. Alisa has more than 20 years of global marketing and sales leadership experience at IBM, including executive roles in IBM’s Software, Global Services, and Sales and Distribution divisions.

Alisa lives holds a BA in Communications Studies from UCLA and an MA in Communications Management from USC’s Annenberg School for Communications.

**Eckart Walther, Chief Executive Officer, CardSpring**

Eckart Walther is the CEO of CardSpring, a payments infrastructure platform that makes it easy for retailers, publishers, and developers to create Web and mobile applications for payment cards.

Prior to joining CardSpring in 2011, Eckart was an Entrepreneur in Residence at Accel Partners and held product leadership positions at a number of Internet technology companies including Yahoo!, Tellme, and Netscape. At Yahoo!, he led the development of Yahoo’s Web and social search products including Yahoo Answers. Prior to Yahoo!, Eckart was in charge of product management for Tellme’s voice hosting business, one of the world’s first large-scale PaaS services, and Netscape’s browser platform technologies including Java and JavaScript.

Eckart began his career at GE Corporate Research and Stanford University, where he specialized in AI research and worked on one of the first multiprocessor versions of the UNIX operating system. He holds both BS and MS degrees in computer engineering from Rensselaer Polytechnic Institute and is one of the co-authors of the RSS Web standard.