

## Case study | The Co-operative Group

### The **co-operative**

**Limited (STS), The Co-operative Group, the UK's fifth largest retailer, has expanded the functionality on its Point of Sale (POS) chip & PIN payment terminals to gather customer feedback and improve the customer experience.**

#### Introduction

Using technology from Smart Technology Solutions

#### The Situation

In June 2005, The Co-operative Group upgraded payment terminals at its 6,000 in store check-out lanes across the country, installing an in-house POS (Point of Sale) known as InControl running IBM's StorePay payment application and integrated Smart Technology Solutions' (STS) SmartNS software. SmartNS integrates any smart card application, through any point of interface to any business system, such as IBM StorePay. The upgrade was driven, in part, to prepare for the migration of chip & PIN in 2006 but also to improve operational efficiency through improved integration of The Co-operative Group's POS with other retail and business information systems.



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#### The Benefits:

- Savings of up to 1.2 million per annum
- Gather 250,000 in-store customer responses in 24 hours
- Cut out third party supplier costs
- Manage questions from a single, central location
- Ability to tailor questions daily to target entire regions or specific customers
- Use feedback to enhance customer service, store layouts and marketing campaign effectiveness
- Utilise existing EMV infrastructure

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“  
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### The STS take on the situation:

Cameron Olsen, vice president for business development at STS, said: “The STS software provides the end user with complete control over the PIN pad, removing the requirement for expensive applications to be written every time a change is required. This project also emphatically demonstrates the opportunity for businesses to increase the returns on their chip & PIN investments.”

### The Situation continued

Obtaining customer feedback is vital for retailers, but traditional quantitative methods of research, such as store exit interviews, are often slow, costly and generally limited to a relatively small sample of customers. The idea of running an application using PIN pads to survey The Co-operative Group’s customer base was conceived in April 2006 by the retailer’s in-house IT development team at one of their regular innovation days.



The substantial £40 million upgrade to deploy payment and transactional systems based on the globally approved EMV – EuroPay, MasterCard, Visa – standard opened up The Co-operative Group to numerous commercial opportunities to add valuable new features to the store’s checkout processes. The development team proposed to maximise its investment in EMV by extending the technology to run the new chip & PIN pad functionality to gather customer feedback to enhance business performance and customer satisfaction.

Discussions with IBM and STS revealed that the process would be extremely straightforward and cost effective, requiring a simple extension of the existing STS software without impacting the core EMV security, adding value to its original EMV investment.

[Read about the solution >](#)

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### The Solution

The first customer facing device was developed in less than eight weeks by the in-house team, with no external costs. Built on the Smart NS application and running on top of the IBM storepay payment technology at the till, the tool allows customers when paying for goods to answer a multiple choice question using the PIN pad they use to authorise the payment. This utilises the time that customers spend waiting in the queue. The system was introduced mid 2007, with full rollout forecasted for the end of 2007.

Questions are set-up within a central application and sent to either all stores or a subset of stores overnight to become active within stores at a specified start date and de-activated at a specified end date, thereby allowing different questions to be asked each day.

There are two types of questions available, those resulting in a YES/NO answer or a multiple choice question with four options. In addition, questions can be specifically targeted at members of The Co-operative by activating certain questions when a membership card is swiped.



### The Benefits

The Co-operative Group is using the responses to enhance the physical retail environment, to better serve its customers' needs, and to increase the effectiveness of its marketing campaigns. Lawrence Freeman, The Co-operative Group's development manager, says "Extending the functionality on our POS payment terminals to gather

customer feedback has been an extremely successful and satisfying project. Low cost and high impact, it's delivered all you could hope for from a project, and it would have been much more difficult without the flexibility inherent in STS' software."

The questions are changed daily, with the administration done through a centrally managed tool. Logic built into the system means that certain questions can be displayed to certain types of customers, such as The Co-operative Group members. Questions can also be targeted geographically to particular store clusters as each store manager can access the application and devise the most relevant questions for the store.

### What information does this solution provide?

Information gathered by The Co-operative Group includes customer perception of their local store, waiting times, frequency of visits and general customer service topics. The results are then fed back to The Co-operative Group's data warehouse overnight and are made available to store managers as part of the management information they receive.



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### The Benefits continued

The Co-operative Group is now able to gather 250,000 customer responses from stores around the country within 24 hours when previously responses were received six weeks later.

The new system reduces the need to use third party researchers – known as mystery shoppers – which can cost up to £100,000 per survey which The Co-operative Group used to commission around twelve times per year. With no external suppliers required the implementation potentially could save up to £1.2 million per year.

Lawrence comments: “We can reach more customers more quickly and remain in tune with their feelings. The speed with which we can roll out new questions enables us to support national in-store events. We could, for example, use the system to see which good cause our customers would like to see us support as our charity of the year.”

Up to now the system has been used principally as a marketing tool to get insight into how the brand is perceived. Now operations are starting to use the system to learn about customer experience within the store enabling The Co-operative Group to make the necessary changes to provide customers with an improved shopping experience. The system is an excellent opportunity for The Co-operative Group to take advantage of its EMV investment which it plans to develop further in the future.

Cameron Olsen, vice president for business development at STS, said: “We’re delighted to have played a part in such an innovative project that will bring The Co-operative Group even closer to its customers.”

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Smart Technology Solutions Limited (STS) is a market leading software company that delivers innovative smart card solutions through industry partnerships. STS has built over 20 years’ experience into its award-winning products and continues to pioneer new advances in smart card acceptance. STS is the only company that specialises in enabling the use of smart cards at any point of interaction such as retail stores, unattended devices or over the Internet. STS’ vision is to drive the ubiquitous use of smart cards by working with key partners to develop the full potential of the smart card infrastructure.