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CONNECTING MARKETING & SALES

## Going for Gold: Grasping the Olympic Retail Opportunity

Arriving amidst unpredictable times for retail, the 2012 Olympics represents an island of great opportunity for retailers. There's money to be made and unprecedented markets to tap, but the door of opportunity will not be open long. The onus is on retailers to ensure they maximise this potential, and fast. Moreover, the innovative use of retail technology will prove the deciding factor in determining which retailers take their places on the podium for medals this year...

**On the eve of the 2012 London Olympics, McDonald Butler takes a look at the areas of retail technology set to perform well this summer.**

Retailers report being far from certain that the Olympics will prove a good time for them. On the one hand the "feel-good factor" is expected to encourage British shoppers to part with their cash – visitors, it is hoped, will "buy something British" - and the range of products and promotions targeted specifically around the Olympics is vast. On the other hand, the ongoing economic situation means that people have less money in their pockets in real-terms, and the idea that huge sporting events usually see an upturn in shopping is (food and drink sales aside) actually a myth.

One thing that does seem inarguable is that technology may well hold the key to retail fortunes. It is invariably the case that such huge events are **drivers of technological innovation**. The applications are numerous, from new building technology used in the construction of capital projects around London, to technology that will be used within the games themselves for broadcasting, security, and transport. The impact on retail should also be notable. Three areas that have captured the imagination of retailers are **contactless payments, Near Field Communications and multichannel**.

### London 2012 - the tipping point for contactless payments?

In the UK, contactless shoppers can make purchases up to £15 without a PIN, but the uptake of "contactless" payments has not to date been particularly fast - a recent survey placed the number of UK users second from bottom in Europe. There has been no significant "pull" felt from consumers, who still have a low level of discomfort paying for items without having to provide a PIN, but the Olympics is very likely to provide the focus and impetus the contactless industry needs.

**Visa** is a major sponsor of the London Olympics and all set to use the event as an international showcase for the new technology. Mark Austin, Visa Europe's Head of Contactless, thinks the first contactless Olympic Games will be key for driving interest in and acceptance of this technology. "For us, London 2012 will be a major tipping point with thousands of new contactless terminals installed across the Olympic venues to make payments as easy and convenient as they can possibly be."

Every sales terminal at Olympic venues will allow "wave and pay" purchases. London's 8,000 buses will enable passengers to hop on and pay direct using their bank card before the start of the Games, with the rest of the Transport for London network following suit before the end of the year. McDonald's is building its largest restaurant in the world on the Olympic site, and this will be contactless. All Co-op stores within the M25 will also go contactless during this year.



Retailers are keen on contactless as it shortens queues (uptake has been notably promoted in busy food outlets including Subway, Eat, Pret a Manger and Cafe Nero), processes payments quicker, and makes life easier for shoppers.

Contactless ATMs that allow users to withdraw money without having to put their card in the machine are already a reality, albeit not yet in the UK. Spanish bank La Caixa has launched a city-wide network of contactless cash machines in Barcelona. From the user viewpoint, security is enhanced - people using contactless ATMs won't be able to leave their card in the machine, there's less chance of being distracted by a thief and having their card snatched when being handed back by the ATM. Currently users do still have to input a PIN, but this is nevertheless still much faster than traditional machines where machines "swallow and process" cards. Eventually, the banks' aim is for users to be able to withdraw small amounts with by merely tapping the card against the machine.

### **Near Field Communications – the "digital wallet"**

Mobile phone users with **Near Field Communication** (NFC) enabled devices will also in future have the capability to make payments at contactless payment terminals. The system is already up and running with some mobile providers – in these examples the phone acts as a "digital wallet", loaded-up with credit which can then be spent, rather than being linked directly to a bank account. A recent report by Juniper Research said one in six mobile phones would be able to conduct mobile payments by 2014.

### **The multichannel imperative**

The advent of the Olympics represents a wake-up call for UK retailers to ensure they have their **multichannel** offerings robustly in place, to ensure they capture all the opportunity, from wherever it generates. **The Cloud** can be a key facilitator here as its inherent flexibility and scalability mitigates risk.

The Olympics will see major pressures on roads and transport, especially in and around the London area where 47 miles of Greater London roads will be closing for the duration of the games. Given this, it is possible that people will choose to shop online rather than instore. London retailers have a specific concern over big-ticket items, assuming that customers will be much less likely to travel within London during the games to make such purchases.

Another reason for retailers to ensure that their online operations are robust and reliable is that if the **supply chain** to store should be negatively affected, retailers want customers still to be able to shop. The whole of Oxford Street is due to "go wi-fi" in time for the games, and the media focus on technology and the effect of the games on the Capital city's retailers and businesses will inevitably be considerable.

*Some of the content in this article was partly inspired by the event 'The Olympics: An opportunity for retail?' held by [SAS](#) in November 2011 in London. McDonald Butler thanks SAS for their support in the preparation of this piece.*

### **About McDonald Butler**

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