

# Turnkey solution for a connected, self-shopping experience

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A few years after they made barcode readers available to their clients, shops and supermarkets across Europe are now getting ready for digital wallet services. But what they may not know is that, somewhere in Porto, a startup has already moved on to the next step: an app that lets customers manage their entire shopping experience, with no need for additional equipment.

'YouBeep is the first mobile checkout solution to be made available to all retailers, instead of a custom product that needs to be highly modified to meet the requirements of each retailer's existing equipment, requiring extensive development,' explains João Rodrigues, co-founder and CEO of Xhockware.

The new [app](#) is the first product to be developed by the startup, set up in early 2014. The technology at its core has been patented by Rodrigues and his team, and the EU immediately saw its potential: in February 2015, the company was granted EUR 50 000 of H2020 funding under the SME Instrument to conduct a feasibility study.

'The feasibility report from Phase 1 helped us promote the app to retailers, demonstrate the viability of the business model, estimate its potential reach, and fine tune the pricing model,' says Rodrigues. And he can clearly boast that YouBeep lived up to the hype: the app been tested by three food retailers in Portugal, and not the least important. The shortlist includes LIDL, the fifth largest food retailer in the world, and Pingo Doce, top retailer in Portugal. Trials have been running for an average four months now, and over 40 000 people have already downloaded and tested the app. According to a GFK study, 91% of these customers said that they liked the system and that they systematically used it in their favourite store.

But what's the recipe behind this growing success? Rodrigues explains: 'When you consider a retail operation, the most valuable piece of software, that handles all the revenue, is the Point of Sale (POS). All alternatives to YouBeep require software or APIs to be included in this POS. This leads to high costs, and takes a long time in analysis, development and testing before being available. With YouBeep, on the other hand, we propose a small pluggable device for which basic configuration can take as little as 2h, after which mobile checkout becomes available by integration with the existing system. All this with no software development, and a SaaS model lowering the Total Cost of Ownership (TCO).' Xhockware indicates that, with this process, checkout can be three times faster than with conventional technology. The [shopping experience](#) is more convenient for customers while reducing staff-related cost for retailers.

And this is only the tip of the iceberg. YouBeep goes beyond the mobile checkout solution by helping customers at all stages of their shopping experience. They can create and share their shopping list, receive coupons and promotions from retailers, be granted in store rewards, share the most attractive deals with their friends or find the nearest YouBeep-enabled store.

## **The way forward**

One of the main things Xhockware learned from the Phase 1 feasibility study is that their initial estimates for the YouBeep share of transactions in equipped stores was too conservative. 'Reality exceeded our expectations by far, with usage reaching 10 times our initial estimates,' says Rodrigues. 'At the same time the willingness to pay for the service was overestimated, which means our original revenue model for transaction fees will need to be reviewed. So overall, the business potential is bigger than originally expected, thanks to a larger volume but with lower fees.'

While the startup already established some partnerships, mostly with technical and support services, other partnerships for business development were postponed to a later stage. The focus of Rodrigues and his team is now on their recently filed application for Phase 2 funding, which if successful would allow them to speed up the time to market and the international growth of the company 'by helping to finance the research and the hiring of all the talented people necessary to help us with the journey and challenges ahead.'

The developers are still at the very start of their technological roadmap, with in-app features being worked on to improve the service, provide 'more fun' and a more convenient shopping experience. But Rodrigues knows that the key ingredients to success are already there: 'The most frequent comment on the app is to ask when the system will be available

at other stores, so we are confident that we are on the right path.'

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