



NRF BIG Show wrap-up

2012

Retail's New Landscape

Enthusiasm shows promise for IT investments at NRF Show

By Deena M. Amato-McCoy

The National Retail Federation's Annual Convention & EXPO is known throughout the industry as "Retail's BIG Show," and this year's event lived up to its reputation offering greater insight into innovations, more networking opportunities and record-breaking attendees in search of opportunities to expand their businesses.

The show set up shop at the Jacob K. Javits Center, New York City, Jan. 15-18, 2012, and attracted a record 25,000 domestic and international retail executives, vendors and consultants, the most in its 101-year history. This year's attendance included 5,500 international participants from 78 countries.

The attendees took advantage of a strong educational agenda, as well as interacted among more than 400 vendors situated across the show's 150,000-sq.-ft. exhibit floor. Their common goal: to make connections, exchange ideas, and gain insight into how to continue generating sales and



SHOW BUZZWORDS

- Omni-channel
- Seamless customer experience
- Empowered consumers
- Emerging markets
- Mobile commerce
- Social shopping
- NFC
- Retail bifurcation

Attendance was up and so was the mood at the annual NRF show.

remain competitive. Adapting to today's competitive and fast-changing retail landscape was one of the dominant themes of the show.

"We need to learn to adapt to the changes of the last few years, including globalization and globalized product, specialized stores, changing customer shopping preferences and shorter product lifecycles," said Arnaud Reytan, merchandise planning director

for French retailer Carrefour, during the NRF session, "Efficient Merchandise Planning at Carrefour." While retailers and analysts are still somewhat

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cautious regarding the nation's economic outlook, the buzz and constant foot traffic (as well as long registration, coat check and concession lines) throughout the convention center proved that attendees are clearly ready to spend IT budgets and apply technology solutions to adapt to these new retailing business strategies.

"The outlook for 2012 is calm and clear, thanks to the strong IT investments they made to maintain profits and lower operating costs during the leaner years," according to Deborah Weinswig, managing director, Citi Investment Research, New York City.

Information technology investment momentum is primed to continue, as retailers explore new technology solutions to drive sales and respond to the current trends impacting the retail industry. Whether considering mobility, cloud computing, analytics or converging marketing and workforce management, chains expect technology solutions to help them keep a near real-time relationship between their customers, associates and inventory.

"When considering these new rules of retailing, engagement is imperative," explained Eric Olson, VP educational strategies, NRF. "While many associate 'engagement' with consumers, the term really applies to all aspects of retail, including how they engage shoppers, suppliers, staff, and consumers' control over their purchases and retailer relationships." ●

Exclusive interview with Microsoft



Michael Griffith
Global Industry Product Director,
Retail & Distribution, Microsoft.

Marianne Wilson
Editor, Chain Store Age

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2012 Sales Forecast: \$2.5 Trillion

While high unemployment and continued uncertainty over the prospects for job growth will continue to dampen the outlook for industry retail sales growth in 2012, the retail industry will still grow at a rate faster than many other industries, according to the National Retail Federation.

The group projects that retail sales will increase 3.4% to \$2.53 trillion (sales of autos, gas and restaurants are not included in the projection), slightly lower than the pace of 2011, in which sales grew 4.7%. Many economists estimate that real U.S. GDP will rise approximately 2.1% to 2.4% this year.

"Our 2012 forecast is a vote of confidence in the retail industry and our ability to succeed even in a challenging economy," said NRF president and CEO Matthew Shay. "Retailers have played a key role in driving growth, but to continue this momentum we need Washington to act on proposals that will spur job creation and unleash the power of the private sector."

In opening remarks at the NRF's 101st Annual Convention & EXPO, Shay emphasized the critical role the retail industry plays in the U.S. economy, noting that it supports 42 million domestic jobs — more than any other industry sector.

Shay emphasized that continued growth in the retail industry will result in additional jobs, greater innovation and increased consumer value. But he warned that the private sector can't do it alone, and Washington must take steps to support growth, including reforming the corporate tax system to enhance U.S. business' competitiveness, enacting sales tax fairness to level the playing field between brick-and-mortar and online retailers, and reforming the visa system so more foreign travelers can come to the U.S. to spend money and help spur growth.

Microsoft for the **Dynamic Retailer**





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Retailer News Briefs

Family Dollar uses Kronos WMS solution

Kronos Inc. announced that Family Dollar has deployed the Kronos suite of workforce management solutions to control labor costs, minimize compliance risk and improve productivity, all of which are designed to help improve customer service. The Kronos solutions are being used by more than 55,000 Family Dollar employees across 7,000 stores.

Family Dollar chose the integrated time and attendance and forecasting and scheduling solutions from Kronos to address a variety of internal and external issues, including rising labor costs, the upcoming healthcare coverage changes mandated by the healthcare reform, and accelerating performance expectations. The workforce management system has already helped the discounter maintain accuracy in payroll processing.

Additionally, Kronos helps Family Dollar maintain compliance with federal, state, and other labor laws and regulations.

“Workforce management is at the core of our long-term success,” said Michael Newman, divisional VP store operations, Family Dollar. “We have achieved many benefits from the Kronos solution since implementing it in 2010. Employee retention is at our highest levels ever, and customers continue to receive superior service. We couldn’t have achieved any of these without maintaining accuracy in payroll, effective scheduling, and precision in labor to demand alignment.”

BJ’s taps RedPrairie to streamline transportation operations

RedPrairie Corp., a global supply chain and retail technology provider, announced that BJ’s Wholesale Club plans to use RedPrairie’s transportation management system to streamline its transportation operations and reduce costs. The solution is designed to enable wholesale clubs and retailers to improve operational efficien-



cies by automating transportation tasks and optimizing the planning of shipments. BJ’s Wholesale Club will be able to better monitor carrier performance and shipment activities throughout the supply chain.

“We look forward to a continued effort with RedPrai-

rie to improve the management of our transportation,” said Trevor LaChapelle, VP, manager of global transportation at BJ’s Wholesale Club, which operates more than 190 locations. “Their TMS (transportation management system) offers us a scalable and flexible solution to support our on-going needs.”

Mattress Firm: Early adopter of Microsoft Dynamics AX 2012 for Retail

Mattress Firm, the largest mattress retailer in the United States, is an early adopter of Microsoft Dynamics AX 2012 for Retail, which will be available in more than 25 countries starting Feb. 1, 2012. The company needed a solution to support aggressive growth plans, while empowering store and company associates who are passionate about offering best-in-class customer shopping experiences.

“We chose Microsoft Dynamics AX 2012 for Retail because it provides us with a scalable platform to support our future growth and a differentiated customer and sales associate experience at the point of sale,” said Patty Wade, CIO and VP strategy and technology. “AX 2012 for Retail gives us what other solutions could not — ease of use and simplicity in operations, coupled with the ability to scale and reliably deliver on our brand promise.”

Microsoft Dynamics AX 2012 for Retail provides midsize and enterprise retailers with an end-to-end solution that includes cross-channel capabilities, social and mobile commerce, enriched point of sale (POS), and powerful enhancements for merchandising. These capabilities are designed to help retailers deliver uniquely consistent, convenient and personalized experiences for shoppers.

Sainsbury’s improves checkout times with NCR managed services

Sainsbury’s has entered into a five-year managed service agreement to deploy NCR Corp.’s Predictive Services on its point-of-sale and self-checkout lanes, ensuring more devices are working in stores at peak times and saving tens of thousands of hours in downtime to improve the customer’s in-store experience.

Sainsbury’s is the first U.K. retailer to sign up for NCR Predictive Services, designed to predict and address information technology issues quickly before they happen. The deployment is part of a multi-million-dollar managed services renewal that will also see NCR provide help-desk and multivendor support across 1,000 stores and 23 depots through its Managed Services Retail Centre of Expertise. NCR currently provides managed service support for Sainsbury’s NCR point-of-sale, self-checkout and kiosks systems, printers and peripherals. The new agreement covers

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help desk and services for Sainsbury's POS software, voice and data networks, including its servers, wireless and fixed network, PCs, laptops, software, printers and VoIP telephones.

"Consolidating our managed services enables us to use NCR's technology to meet our commitment to deliver a great shopping experience for Sainsbury's



customers, while driving greater efficiencies that support our growth plans," said Rob Fraser, Sainsbury's IT Director. "Sainsbury's and NCR share a relentless focus on ensuring shoppers at our stores can get through the checkouts as quickly as possible, especially during peak times."

Sephora Agilysys solution

Agilysys, a developer and marketer of proprietary enterprise software, services and solutions, announced that beauty retailer Sephora Americas has selected and successfully deployed NextPosition by Agilysys and RedIron's 2Mobile software to enhance customer service in a large number of its U.S. stores.

"We wanted a solution that seamlessly integrates and extends our SAP POS system via a mobile POS customer-engagement experience," said Shah Nagree, VP retail store systems, Sephora. "Agilysys and RedIron have proven to be great technology partners with comprehensive experience in implementing a complete, easy-to-use and well-designed mobile point-of-sale solution. The feedback from our clients and cast members has been overwhelmingly positive."

Sephora is running RedIron's SAP POS Web services 2Mobile middleware and Agilysys' NextPosition intuitive interface on tablet touch devices, launching this mobile solution at its opened store in New York City's Meatpacking District. The solution provides

comprehensive mobile customer service with point-of-sale and returns.

Agilysys served as the overall systems integrator and project manager, providing software development and testing, hardware sourcing, staging, integration and depot maintenance services. The solution includes the ability to utilize remote cash drawers and Zebra wireless receipt printers.

Tesco to implement Retalix 10 Store Suite chainwide

Tesco Plc. will commence the deployment of Retalix Ltd.'s next generation store platform in its stores worldwide following a successful initial pilot of the Retalix 10 Store Suite software. Tesco, the third largest grocery retailer in the world, has been a Retalix business partner since 1995 and is operating a range of Retalix store solutions across more than 4,000 stores in 11 countries.

"Retalix 10 will form the foundation of our store technology. Its extensible, service-oriented architecture allows us to add new features and services for our customers at speed," said Mike McNamara, CIO of Tesco Plc.

The Retalix 10 Store and Sales Channels suite is the next-generation store platform from Retalix. Designed around a single software engine, Retalix 10 unifies and streamlines deployment and management of in-store systems, mobile commerce and online storefront channels. The platform ensures a consistent



and personalized shopping experience across all touch points and sales channels, which include POS, self-checkout, self-scanning, customer scale, customer kiosk, fuel sales, mobile commerce and e-commerce, as well as a range of store and chain management applications. ●



New Products

Microsoft[®]

Microsoft Corp. announced the upcoming release of Microsoft Dynamics AX 2012 for Retail, which will provide midsize and enterprise retailers with an end-to-end solution that includes cross-channel capabilities, social and mobile commerce, enriched point of sale (POS), and powerful enhancements for merchandising. These capabilities are designed to help retailers deliver uniquely consistent, convenient and personalized experiences for shoppers.

Microsoft Dynamics AX 2012 for Retail helps retailers do the following:

- Connect to customers. Multichannel capabilities enable customers to buy, pick up, return or replace items on their terms. Support for social and mobile commerce means retailers can offer promotions, discounts or coupons targeted to marketplaces or social networks — creating critical new opportunities for customer engagement.
- Empower employees. Orders can be created and managed at the POS, offering the sales associate increasing amounts of valuable face-to-face time with customers. Employees can also make highly accurate, timely and consistent decisions because they are armed with relevant details delivered through enhanced Role Centers, dashboards that deliver a succinct set of information relevant to each individual user.
- Execute with insight. Integrated multichannel management allows complete insight to help retailers be proactive in anticipating trends. In addition, powerful merchandising functionality puts control into the retailers' hands with unlimited categories and hierarchies possible for assortment and replenishment to best meet customer demand accurately and efficiently. www.microsoft.com/dynamics/ax/retail

FUJITSU

Fujitsu announced the availability of its U-Scan Compact, self-checkout, an innovative self-checkout solution designed to enable retailers in various segments to offer a self-checkout experience that is efficient, flexible, and designed to fit into the retailer's unique environment. With its smaller in-counter footprint, flexible transaction options, and build-to-order design strategy, the U-Scan Compact system is the first self-checkout system that can satisfy the needs of retailers in a variety of verticals beyond grocery and do-it-yourself (DIY), including drug stores, convenience stores, category-specific stores, and specialty stores. Fujitsu.com/us/

Honeywell

Honeywell introduced several offerings designed to bring new levels of productivity to retailers, including the Stratos 2700 hybrid bioptic scanner which delivers rapid pass-through scanning of linear bar codes, plus area-imaging technology for aggressive scanning of 2D bar codes, enabling retailers to handle peak customer volume with a minimal number of open checkout lanes; and Optimus 5900 RFID mobile computer which combines radio frequency identification (RFID) and automated data collection technology for enhanced retail worker productivity. Also, and Remote MasterMind 3.0, the automatic identification and data capture (AIDC) industry's first integrated mobility and scanning remote device management solution. It allows retailers to update and manage their total retail solution, including Stratos 2700 scanners and connected devices, HSM mobile computers and other Windows-based mobility devices, as well as consumer-grade Android and iOS devices, deployed across their network from one centralized location. honeywellaidc.com/EN-US



New offerings from HP include the HP mobile POS solution based on the HP Slate 2 tablet running the Windows operating environment, which combines a barcode scanner and magnetic stripe reader into a secure case to enable store associate applications such as sales and clienteling — better serving customers based on their past purchases. Also, touch-enabled interactive wall, built on HP VantagePoint technology, combines six HP LD4730G 47-inch Micro Bezel displays with a custom infrared A-based touch overlay that provides 32 points of simultaneous touch to enable new, interactive and fully immersive digital signage experiences. hp.com/us



NCR new introductions include the NCR SelfServ Checkout Convertible, which easily switches between self- or assisted-service checkout modes, based on a retailer's operating model and customer traffic. This switch is accomplished through a swivel mount design and a secondary display and pinpad for associates. For retailers, this quick conversion of a lane from self-checkout to assisted point-of-sale enables enhanced customer service according to lane usage patterns, while driving increases in operational efficiency and staff productivity. ncr.com



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Retail's Global Outlook

Aggregate sale of top 250 retailers hit \$3.94 trillion

By Marianne Wilson

Latin American, African and Middle Eastern retailers generated the strongest growth in fiscal year 2010 (encompassing fiscal years ended through June 2011), according to the 15th annual "Global Powers of Retailing" study, whose results were revealed at the National Retail Federation's 101st Annual Convention and EXPO in New York City.

The annual report, from Deloitte Touche Tohmatsu Limited, identifies the 250 largest retailers around the world and provides an outlook for the global economy. Dr. Ira Kalish, leading retail economist and director of consumer business director for Deloitte Research, part of Deloitte Services LP in the U.S., presented the highlights of the report and provided insights into the findings during the Global Retail Forum presentation at the NRF show.

"China is not the panacea for retailing we once thought it was," he said. "India, Brazil, the Sub-Saharan Africa and other emerging markets are where the growth will come from."

Indeed, seven of the 10 largest retailers in Latin America posted double-digit sales increases, resulting in a composite regional growth rate of 18%, while African and Middle Eastern retailers generated the highest compound annual growth of all regions over the 2005-2010 period. In particular, Dr. Kalish spoke to the "stong nature" of retailing in Brazil.

Major Themes

- Slow growth for developed markets facilitating growth in emerging world
- Rising income inequality in many markets
- Bifurcation of retailing accelerates

Dr. Kalish said that China is challenged on several fronts, particularly by its demographics, which portend slower growth. The country's one-child policy is expected to result in a shrinking of the labor force and an increase in the elderly population.

"China might get old before it gets rich," Dr. Kalish said.

China needs to shift to consumer-led growth and domestic demand, the economist said. Currently consumer spending accounts for only 35% of the country GDP, while government investment in fixed assets accounted for 48% of the GDP.

Top 10 Global Retailers		
Company	Country of Origin	2010 Retail Sales (US\$mil)
Wal-Mart	US	418,952
Carrefour	France	119,642
Tesco	UK	92,171
Metro	Germany	88,931
The Kroger Co.	US	82,189
Schwarz (Lidl)	Germany	79,119
Costco	US	76,255
Home Depot	US	67,997
Walgreen Co.	US	67,420
Aldi	US Germany	67,112

Source: Deloitte Touche Tohmatsu Limited

Looking at the U.S. economy, Dr. Kalish noted that despite a troubled housing market, relatively high unemployment and lags in income, Americans continue to spend. He said pent-up demand and the fact that consumers pared down their debts over the three years and were more willing to take on debt were behind the increase.

"The U.S. has had consistent economic growth for the past three years," he said. "And while there was a substantial slowdown in early 2011, growth appears to be accelerating again. But it can't go on forever unless incomes start to rise."

For U.S. retailers, the economic environment is lukewarm. And with the lion's share of income gains going to the affluent and the lion's share of spending increases coming from the affluent, Dr. Kalish predicted that the bifurcation of retailing will continue.

"The middle will be a bad place to be," he said.

TOP 10: Globally, the top 250 retailers had aggregated sales of \$3.94 trillion, with sales up 5% over the previous year.

Of the top 10 retailers (who as a group accounted for 29.4% of total sales), five were based in the United States and only one (Kroger) was a food retailer. By contrast, Dr. Kalish noted, of the European retailers in the top 10, all but one was a grocery retailer.

"I think this means that the non-food part of European retail remains relatively unconsolidated," he said. "This will likely change and we will see more consolidation in the non-food realm in Europe." ●



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- Execute with Insight

Learn more www.microsoft.com/dynamics/ax/retail

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Retail E-commerce Trends

Convenience, free shipping and deals driving online sales growth

By Laura Klepacki

In the not too distant future, online purchases could represent 20% of holiday retail sales, predicted Sucharita Mulpuru, VP and principal analyst, Forrester Research, during a presentation at the National Retail Federation's 101st Annual Convention & EXPO in New York City.

According to Forrester, online has grown from 6% of holiday sales in 2005 to 13% in 2010 to 15% in 2011.

"The pie for bricks-and-mortar retail is shrinking," Mulpuru said at the session, "A Look Back... and Forward... at Retail eCommerce Trends, 2011-2012."

Convenience, free shipping and promotional deals are driving shoppers to the Web. Fifty-five percent of online shoppers now say they have come to "expect"

from \$3.45 billion in 2011 to \$5.37 billion by 2015.

With a boost from tablets, mobile shopping is expected to accelerate. Forrester projects mobile shopping will jump from \$6 billion in 2011 to \$11 billion in 2012 and triple to \$34 billion by 2016.

Mobile commerce, however, is also creating headaches. Creating content for a variety of tablet and

smartphone devices is not easy. Mulpuru advised retailers to follow the blueprint of technology leaders like Amazon and Google and take a "lowest common denominator" approach to design, so content can be easily translated across devices.

Despite the hype, social commerce is struggling, accounting for less than 1% of e-commerce volume.

"It (social commerce) was a negligible contributor to holiday sales," Mulpuru said. She even quoted a retailer who said "the silence was deafening" in terms of social's impact on sales.

"Yet, unbelievably, retailers are not heeding the obvious," Mulpuru told attendees.

The Shop.org/Forrester survey found 22% of the retailers polled already had custom stores on social networks, and 61% were still planning to implement one. ●



The pie for bricks-and-mortar retail is shrinking,"
said Sucharita Mulpuru, VP and principal analyst at Forrester Research.

free shipping on all orders, while 52% "expect" it for returns too, according to a survey by Shop.org and Forrester. These offers, Mulpuru explained, "are being seen as a cost of doing business, but they are also an accelerator of e-commerce adoption."

When it comes to marketing, Web searches and email continue to be the most influential tools. In a consumer poll conducted by Bizrate Insights and Forrester, 47% of online purchasers said they learned about a deal by visiting a site directly, while 33% were informed through the retailer's email. But only 3% were spurred to action do to a social site. With this in mind, Forrester predicts retailers will increase their search budgets,

Holiday Takeaways

The 2011 holiday season revealed several key trends with regard to e-commerce, including:

- Free shipping is rapidly becoming a cost of doing business.
- Paid search and email dominate marketing spend.
- Social networks are not quite living up to the hype when it comes to sales.

Green Takes the Stage

Sustainability experts and retailers discuss green trends

By Katherine Field Boccaccio

Office Depot, the U.S. Environmental Protection Agency and members of the NRF Sustainable Retailing Consortium teamed up to discuss the Clinton Global Initiative and sustainability trends in a panel discussion at the National Retail Federation's 101st Annual Convention & EXPO in New York City.

Among the speakers at the "Global Environmental & Sustainability Trends" session was Caroline Hermans, Ph.D., senior manager, energy and environment for the Clinton Global Initiative. The organization was founded in 2005 to galvanize both the private and public sector toward creating a cleaner world, as well as alleviating poverty and increasing access to health care and education — the program has continued to gain strength as the world turns its focus to sustainability.

"Membership in the organization is comprised 50% of businesses; 23% non-profits; 12% philanthropies; and the remaining 15% is a combination of academia, media and government," Hermans said. "All have combined to secure some \$63 billion in commitments to improve our world."

On the sustainability front, the Initiative's better building challenge has delivered 1.6 billion sq. ft. of participation, as committed partners reduce energy consumption in their portfolios of buildings and each undertakes a signature project. Retail partners include Walgreens Co., Kohl's, Supervalu, Best Buy and Jones Lang LaSalle.

"And then there is Wal-Mart," Hermans added. She explained that the world's largest retailer has, as a part of the Clinton Global Initiative, committed to a number of efforts. These include creating a supplier packaging scorecard, launching a major detergent commitment, pledging to reduce plastic shopping bag waste globally, beginning to roll out a sustainability index global expansion project, and creating a partnership with China to green the supply chain.

Yalmaz Siddiqui, senior director, environmental strategy



Caroline Hermans, Ph.D., senior manager, energy and environment for the Clinton Global Initiative

for Office Depot, identified three sustainability trends for leading retailers to act on:

- Growing expectations of transparency;
- Growing need to understand and manage lifecycle environmental footprints; and
- Growing need to integrate green thinking into core retail functions.

"The media, our investors and the NGO's (non-profits) are driving this trend toward transparency," Siddiqui said.

Office Depot practices transparency through such efforts as its GreenerOffice product claims, which are presented clearly to the consuming public, and its retail back-of-pack green attributes and green ecolabels.

"It's all about ensuring that everyone can see exactly what we are doing to further the green initiative in our company," Siddiqui said.

The trend toward understanding and managing lifestyle environmental footprints requires learning end-to-end product cycles, according to the Office Depot executive.

"It starts with understanding the inputs — materials, energy use, water use and toxins used — and the outputs — waste, emissions, water emissions and chemical exposure — but then connecting the value chain," Siddiqui said. Retailers, he added, are playing a growing role in connecting the environmental dots, as now 25 U.S. states have e-waste legislation and 17 states have e-waste disposal bans.

Regarding the third trend — a growing need to integrate green thinking into core retail functions — Siddiqui said that the goal should be to green every retail function.

"We need to walk the talk," he said, "with the goal ultimately being to drive business value." ●

Millennials on Sustainability:

- 88% seek employers who share their sustainability values
- 86% would leave if the company no longer shared their values

(Source: PricewaterhouseCoopers, Millennials at Work: Perspectives from a New Generation)

Keynote Address

Standing room only for Bill Clinton at NRF

By Marianne Wilson

Former President Bill Clinton acknowledged the thousands of attendees who packed the hall for his keynote speech at the National Retail Federation's 101st Annual Convention & Expo in New York City.

"This is a bigger crowd than I usually draw," Clinton joked as he took the stage. "It makes me feel like I'm President again."

Clinton, who spoke in his capacity as founder of the William J. Clinton Foundation on the theme of "Embracing Our Common Humanity," also acknowledged the importance of retail to the nation's economy and job creation. He cited statistics from an NRF study, which showed that retail accounts for nearly 20% of GDP and supports one in four U.S. jobs.

The former President voiced support for corporate tax reform, and said most deductions and credits should be eliminated in return for lower rates. He said the current corporate tax rate of 35% should be dropped to "as close to possible" to the 24% to 26% average charged in most "rich" countries around the world.

"The rate should be lowered and the structure should be flattened," Clinton said. "What we should do is eliminate a lot of the deductions and credits and lower the rate and broaden the base. You would get the same amount of revenue. We might get more."

In his speech, the former President spoke about the inequality, instability and the unsustainable way of life that makes up the world today, and said there remains a strong connection between social opportunity and economic opportunity. He discussed the urgent need for nations to work together to get out of financial trouble, and tied economic success to global collaboration.

"The bottom line is we can't get away from the rest of the world, so we have to share the future," he said. "We will either share misery or we will share the prosperity, but the only way to do that is to create a system that has more shared opportunities and shared responsibilities." On the

challenges raised by globalization, Clinton said, "We live in a world today where all the borders look more like nets than walls. We are interdependent to a degree we have never been before."

Clinton noted that the only sure thing about the future, "is that we're going to have to share it with a lot of people."



Clinton's speech was followed by a question-and-answer session with CEO Terry Lundgren, president and CEO of Macy's Inc., and chairman of the NRF Board of Directors. The questions covered a broad range of topics from immigration policy to where he had done his Christmas shopping, which was mostly in small shops in the town where he now lives (Chappaqua, N.Y.). ●

Clinton Global Initiative: 2012 Areas of Focus

The NRF session, "Global Environmental & Sustainability Trends featuring Clinton Global Initiative and Office Depot," identified five main areas of focus for CGI in 2012:

- Ecosystems — business case for ecosystem protection, climate adaptation
- Water — water and energy, water in the supply chain, protecting water resources, ocean
- Supply chains — greening the supply chain, waste reduction
- Energy — energy efficiency, greening of fleets, addressing environmental issues in freight/carrier transportation
- Cross-cutting — environment and human health, environmental education, environment and food systems

Mobile Payments Raise Security Concerns

Early input from LP is crucial in deploying mobile strategies

By Deena M. Amato-McCoy

As more consumers adopt smartphones, tablet computers and other personal mobile devices, retailers are working to integrate mobile into more and more aspects of the customer experience. At the same time, loss prevention executives are increasingly challenged by the security threats this new way of shopping opens up.

“These devices are creating a consumer-centric shopping experience. And we have to support this new way of shopping,” said William “Bill” Titus, VP loss prevention, Sears Holding Corp., Hoffman Estates, Ill., during the National Retail Federation’s 101st Annual Convention & EXPO. Titus was a featured speaker at the session, “Emerging Technologies: Driving Business for Retailers, While Minimizing Risks from Fraudsters.”

Titus discussed the opportunities mobile solutions offer savvy criminals. In fact, retailers that feature mobile point-of-sale applications — either through device-specific apps or through store-level customer-facing solutions — are encountering issues they may not have bargained for.

Retailers that conduct mobile transactions in store aisles, or away from the traditional cash wrap for example, need to consider how to deactivate electronic article surveillance tags, bag merchandise and produce receipts. While there is no silver bullet or one-size-fits-all solution, options include:

- Developing a handheld mobile solution that associates can use to deactivate security tags;
- Repositioning closed-circuit camera television systems to monitor POS transactions throughout the store; and
- Arming store managers with tablet computers that give a birds-eye view of activity viewed through CCTV cameras.

Retailers must also remain mindful of the sensitive transaction and customer data flowing between devices and corporate networks. Their top priority: Add layers of network firewalls for authorization and validation of all transaction data traveling across the network.

While IT, operations and marketing departments all have a hand in the role mobile solutions play for a retail enterprise, input from loss prevention teams is crucial in

the implementation of this technology. According to Joe LaRocca, NRF’s senior asset protection adviser, loss prevention teams should be on board when discussing any new technology launch, since this department is responsible for identifying risk trends, securing processes and protecting backend infrastructures.



As more consumers use tablets, smart phones and other mobile devices for shopping, loss prevention executives are gearing up for the challenges posed by mobile payments.

“With insight into exposure points, they (LP) can share insight into problems that should be addressed early on,” Sears’ Titus added.

The loss prevention team’s input has become business-as-usual in Sears’ IT planning strategies, and the company recognizes a positive impact.

“We have created a strong partnership that adds value to our operational and merchandising perspectives,” Titus said. “Rather than regard loss prevention as an afterthought, we realize the value of involving the team in the origin of every concept.”

Early input also saves chains from potential problems later. If the loss prevention team is part of early discussions, there is less chance of incurring costs due to revising or resolving potential problems. “They can improve the development of processes and systems, and keep the integrity of the customer-facing experience,” said NRF’s LaRocca. ●



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NRF Big Show wrap-up

Online Marketing Strategies

Panelists take on expanding role of digital

By Katherine Field Boccaccio

The blurring of boundaries between online and offline channels and the emerging value proposition caused by price transparencies are among the trends that have surfaced in e-commerce during the past three years, said Brian Tilzer, VP e-commerce and business development, Staples.com., during a presentation at the National Retail Federation's 101st Annual Convention & EXPO in New York City.

Tilzer was one of four panelists at the session, "Marketing Strategy Online: Trends and Implications Every Exec Should Know." He was joined by Prama Bhatt, VP e-commerce for Kenneth Cole Productions; Steven Dee, CIO of Hayneedle; and Cathy Halligan, senior VP sales and marketing for PowerReviews. The four speakers presented insights on online marketing strategies within their respective companies, largely based on audience questions.

Here are some highlights of the discussion:

• **What other trends in online retail have you noted?**

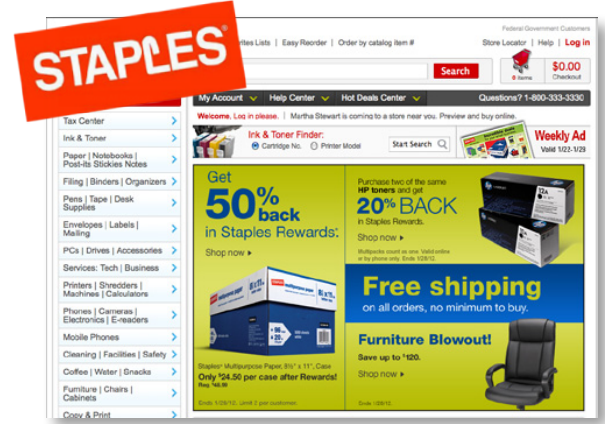
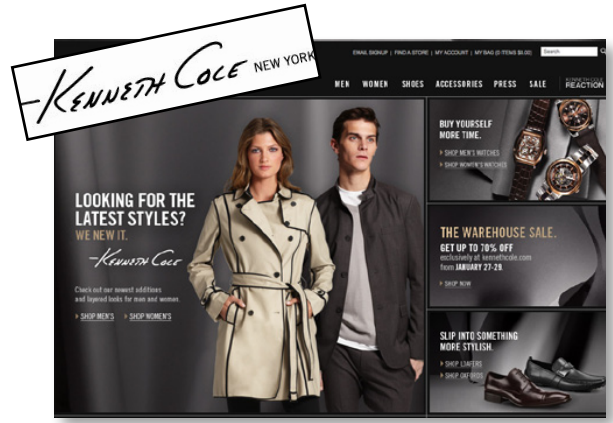
Halligan (PowerReviews): Forty percent of retail sales are now impacted by digital influences. In fact, 31% of consumers use Google to compare prices, review product information and research product features.

• **What about the emerging value proposition?**

Halligan (PowerReviews): Clearly, today's value proposition is about everything being on sale. And that's something we want to move away from as much as possible. We have the capability, for example, to deliver relevant experiences locally. Nordstrom, for instance, could send an email on Aug. 15 to parents of school-aged children, featuring top picks for back-to-school shoes and offer to reserve a pair for in-store trial or the opportunity to order online. It's not about offering the shoes at a discount, but rather about presenting a localized and relevant offer. That's the wave of the future.

Another opportunity is to leverage the power of social media. More people today are using social networks than were on the Web in 2006. Most of that, of course, is Facebook, which has nearly 1 billion users worldwide.

Other social networks include LinkedIn (135 million users); Twitter (100 million users); and Google Plus, which after just six months has 65 million users.



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NRF BIG Show wrap-up
2012

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• **What is the most material change you are making to your marketing strategies?**

Tilzer (Staples.com): Delivering a more personalized and integrated experience across multiple channels. If we can do that better than anyone in the world, we can compete against even the \$100-billion Amazons of the world. Online isn't just staples.com anymore. It's the entire ecosystem of the Web.

Bhatt (Kenneth Cole): Personalization, for sure. And more integration as well. From a marketing strategy perspective, in 2012 we are going back to basics in retailing. And our challenge is to deliver that across our entire business. We have to revisit our core values of retailing. A tremendous partnership between marketing and merchandising has to happen to deliver this.

Tizer (Staples.com): The notion that 'you can't win on price but you can lose on it' has never been more true. Competing on price — which everyone is doing now — is tricky. It puts a lot of pressure on an organization to think differently, but we have to do it.

Dee (Hayneedle): If you think about what differentiates your brand from another, other than price, you are going to win.

• **What role will your app play in building a CRM base?**

Dee (Hayneedle): We've focused on building the right mobile experience. But in 2012, the app will become more important. We're looking at such capabilities as QR codes.

Batt (Kenneth Cole): The app strategy for us will come later, when we gain a better idea of what its purpose should be. The fact that 6% to 8% of our business comes from mobile/tablet tells us that we are delivering the most basic of experiences. We will build the foundation first and then the app will deliver on that.

• **What percentage of your strategic mindshare will go into mobile in 2012?**

Dee (Hayneedle): About 50%. We want to be a platform for innovation without pushing too hard. It's about balance.

Tilzer (Staples.com): In 2011, mobile was a key strategy for Staples, as we saw it as a major untapped opportunity. We now have a mobile app. It's been a major strategic initiative that we've put a lot of resources behind and put a great team into place. In 2012, we will continue that initiative.

• **Is Google a friend or a foe?**

Tilzer (Staples.com): Google is an important partner of ours. We use their services in a number of critical ways.

Batt (Kenneth Cole): It is the same for Kenneth Cole. You have to think about how to best leverage Google and make it work for you.

Dee (Hayneedle): Google has always been a friend. I want to utilize it and leverage its marketing channels rather than compete against them.

• **Is geo-location important for your business in terms of growing sales?**

Tilzer (Staples.com): Yes. But as a support function, not as a direct driver of sales.

Dee (Hayneedle): Yes. It leads to personalization and understanding where our customers are.

• **What are you thinking about this year?**

Tilzer (Staples.com): Talent. How do we attract more talent, and how do we pull together the right teams to accomplish our objectives?

Bhatt (Kenneth Cole): Our in-house competencies. Content generation and thinking about generating new content rather than repurposing content from our other channels. ●

Survey: Amazon.com Tops in Customer Service

Amazon.com took the top spot in the seventh annual National Retail Foundation/American Express Customers' Choice survey. Some 9,374 consumers participated in the survey, in which they were asked which retailer delivers the best customer service overall. "The top retailers on this list found effective ways to win over shoppers not only with low prices, but also stellar customer service and value-added features such as unique mobile applications, free shipping and unforgettable in-store experiences," said NRF Foundation executive director Kathy Mance.

The top 10 winners, who were honored at the NRF's Annual Convention & EXPO, are listed here:

- | | |
|-----------------|--------------|
| ① Amazon.com | ⑥ Kohl's |
| ② L.L.Bean | ⑦ Lands' End |
| ③ Zappos.com | ⑧ JCPenney |
| ④ Overstock.com | ⑨ Newegg |
| ⑤ QVC | ⑩ Nordstrom |

For more on the survey and to see a list of all the winners, [click here](#).