

National Retail Federation 2010 Report

The National Retail Federation was held Jan 12-15, 2010 in New York City. More than 450 exhibitors displayed concepts, equipment and services for the 18,500 attendees from the retail trade. There was a special exhibit area for design and architecture with many seminars on how the designs worked, and awards for the best stores designs in various categories. The green theme continued, and digital displays had big innovations.

"It looks like the economy is coming back, but the recovery is fragile," said Scott Krugman, Vice President at the NRF. "Retailers are especially interested in how they can nimbly respond to the way consumers and the economy will behave this year." Quoted in Store Magazine's daily tradeshow paper.

Here is our review of the major trends that we see dominating in 2010. Almost all of these trends improve the customer experience and position retailers for growth using technically innovative solutions.

Green saves money

Going "green" is not just for the stores to help sustainability but also for your supply chain and your customers. These days the whole "eco-system" is being examined and the waste is being cut out. Something as simple as turning out the lights in the vending machines in the break rooms saved WalMart \$1.4 million last year. Retailers are looking at packaging, reducing the waste from packaging that will only be discarded when the consumer gets the goods home. Retailers are replacing Styrofoam everywhere with bio degradable "peanuts" made from a water soluble material. Even displays made of sustainable materials like bamboo can make a difference by using a wood that is "green". Bamboo grows quickly as opposed to 100+ year growth forests being clear-cut to provide fixtures in the stores.

New lighting is much more energy efficient and produces much less heat. The energy bill for a store is 50% or more for lighting so looking at modern lighting fixtures will assist in reducing the running cost of the store. New York State Energy Research and Development Authority has published some suggestions for retail lighting see:

<http://www.nyserda.org/sclp2/retailresources.asp>

While there is a lot to consider for your store lighting, there are numerous solutions available that produce similar quantity and quality light for a fraction of the energy costs.

IT supports business

Retailers are looking to IT for innovation to engage customers. While social media and the web may be used to reach out to customers, the key is to get messages through the different media so that the customer gets the news they want, in the form they want. Email, web, social media, digital signage, and customer surveys are all part of the toolkit for engaging customers. The strategy for recruiting new customers may be different from that of retaining customers. Technology can be focused to help improve the total customer experience.

Analytics, also known as Business Intelligence or BI, with datawarehouse and datamart technology was highly visible at the NRF show. There are lots of different ways of providing forecasting, performance measurement, supply chain optimization, customer profiling, and vendor score carding. While there are many new flavors the key innovations that we have introduced to retail customers in our datamart and dashboard solutions continue to provide

value today. We continue to monitor the emerging trends to see where we can make changes so that you can derive even more value from our datamart and dashboard solutions for retail.

SmartTag technology was introduced a year ago by Microsoft. Escalate Retail built a demonstration at last year's show. The idea is that a smart tag scanner can be added to your mobile phone and used to go directly to a web page. The concept is that an ad in a magazine or a newspaper can now provide a direct link to your sales campaign on the web and you can measure conversion rates based on the promotion. This year Google took the concept a step further by allowing a tag to be set up at a store so that when scanned a message goes directly to your Facebook page telling your friends where you are (part of Google's local.google.com initiative).

SMS (Short Message Service) notices offers, and even payments are integrated into the ways retailers and catalog based merchants sell to the 14 to 45 year old demographic. Even "Bill-Me-Later" became popular enough as an alternate payment method that it was bought by PayPal making it easy for merchants to integrate into the payment processing for call center, website and stores. Integration of new payment technologies by IT groups is essential for most merchants to provide the best possible customer experience and make it easy to for customers to buy how and when they want.

Digital signage

There have been terrific advances in digital signage over the past five years. The innovations include video camera based facial recognition that can be used to display gender and age related ads on the signage as a customer enters a department. Messaging can be centrally distributed to storage devices which allow automatic timed changing of messaging to feature new displays on the fly - completely replacing the posters used to create the displays of the past.

The most current technology is active and engaging allowing a customer to touch the display panel and navigate to the items of interest quickly. Looking at assembling a wardrobe electronically? There is a video display which allows a shopper to try on a dress virtually and once lined up you can take a digital image and send it to friends or Facebook. Not signage like we're used to it, but definitely a sign of the times.

Clicks did better than bricks

In 2008 the shopping season for retailers (organizations selling over the web) was up 7%, in 2009 the sales were up 19% (according to Stores magazine who did the NRF daily paper). Often the combination of channels will improve the engagement and the total customer experience. Customers can read a catalog and then call the call center or shop online through the website, or go to a retail store. The website is often easier for customers. Retailers continue to focus on the entire customer experience, whether it is via the catalog, the web, or a retail store.

Pop up retail

With the amount of available retail space these days, short term selling in a "pop-up" store front like Halloween stores, or calendar stores at Christmas will target a 6 or 8 week period and then fold their tent and leave. Pop up stores are also used to announce a new product or service, be at an event where you want to capture the wallet of the event goers for the associated merchandise, or for a similar event coming in the future. There is even a fashion bus in London which has a schedule to travel from area to areas providing the ultimate in "pop up retail" with the whole works already laid out -- the store comes to you.

Mobile

The role of cell phones is changing as 3G and 4G networks are deployed in urban areas. Ads are being delivered, boarding passes, concert tickets and even retail discount coupons are using cell phones as the delivery method. There are already comparative shopping sites which will compare price and availability of items in nearby stores (once GPS is available the range of new applications is huge). Even tie-ins to voting for TV shows, and charitable donations (like for the Haiti relief effort) are using cell phones.

Cell phones are also being used to Twitter opinions, ratings, kudos and complaints to the Internet instantly. Consumer reviews on websites are commonplace and many potential buyers research online before they buy - the difference is that the online access is now mobile.

There is enough going on in mobile that a number of publications have shown up. For example, in the UK the GSM Association has launched [Mobile Metrics](#). ChannelWeb reported the following from the NRF show:

In a briefing at the National Retail Federation Convention & Expo Tuesday, Cisco (NSDQ:[CSCO](#)) made the case for why retailers can't consider a mobile strategy optional any longer. Retailers who aren't at least experimenting with text-messaging campaigns and basic [e-commerce](#) on a [mobile platform](#) are already behind the curve, Cisco argued. "Mobility is not a new topic. But the productivity revolution that mobility represents has just begun," said Jon Stine, a director of Internet business solutions at Cisco. "This is not a tide. Tides go out. This is a wave. And retailers are standing on the beach."

Retailers are being asked to consider everywhere their brand could show up and think about how to get in front of the consumer with the mobile device as a message delivery platform growing in importance. This is important enough for Google to spend \$750 million buying [www.admob.com](#) in a bid to boost mobile advertising.

Location Dependency

Location, Location, Location has given way to understanding eyeballs and clicks, and then adding in the concept of location from a map point of view. The new Google Android phone and the iPhone both allow real time location and therefore allow applications to find the nearest location for any internet accessible goods or services. Google search uses location based on IP addresses to show you the local providers of the searched for items. Google was one of the sponsors of the show and gave several sessions on location advantaged retailing, and Google search AD Words.

Planogram

The way you layout a catalog or a store can have a profound impact on the way people buy. JDA was among those companies showing [planogram](#) technology which helps plan a sales budget and then lay out the store to execute on the plan. These were first used in the grocery industry but modern digital technology allows color pictures of soft goods hanging from front, hanging from side, folded, etc. to be used in conjunction with the store layout and dragged and dropped into place and the visual effect measured to try to achieve maximum traffic flow and share of wallet. There is technology that rates the color mix with the buying patterns of different ethnic target audiences. This way the retailer can lay the store out for the target customers. Store layout is now being measured against sales goals with feedback designed to show what is working to plan and what is not.

Wrapping It Up

The evolution of the customer buying process to include web research, consumer product ratings by other consumers, the use of mobile phones to locate both in stock product and



locations has created new challenges and new opportunities for retailers. More customers are willing to buy over the web, especially for commodity products, than ever before. The strong attendance and new sponsorship by Google at the National Retail Federation 2010 Show demonstrate that retail is alive in the US. Retailers are getting ahead by paying attention to customers, innovating with technology and finding new ways to get and keep engage the customer on the terms that they want.

We have been working with leading retailers for over a decade to leverage innovative information technology solutions into business success. For the last five years, we have attended the National Retail Federation show to stay abreast of the leading business and technology trends. This knowledge feeds into our product and service offerings. We want to make it easy for you to integrate and deploy the latest technology in your retail business. To learn more, visit our web site www.mbfoster.com or call us at 1-800-ANSWERS (that's 800-267-9377) extension 225.