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This year's conference was the 100th Anniversary of the National Retail Federation show. Held at New York City's Javitt's Center the show featured displays and talks on the best innovative practices and technology for the industry. The major themes dealt with going back to basics – engaging the customer helps the process of conversion or sales. There are many ways to engage the customers ranging from SEO, to webpage design, to in-store engagement, and loyalty programs – all designed to help the customer decide to spend money on your brand.

First the good news – according to the NRF the numbers from retailers are up 5.7 – especially web retailer (sometimes called Etailers) and multi-channel marketing groups are up –Year over year (y-o-y) for results in the season (November and December). The North American economy is a mixed bag of recovery and recession but there are definitely differences between the unemployment rates based on education and age. Overall retail sales grew, which is significant for the industry.

Customer Engagement

There was proof that the amount purchased (the basket) was bigger, with some of the different customers, who were engaged as part of the process in brick and mortar stores and even on websites .

The first thing to recognize is that most consumers do some online research when considering a purchase, especially major ones – this is where your organization has to figure out what key words people who might buy your products would use. By using search engine optimization techniques, you can help a prospective buyer to find your site – without this you may not be considered even if you are the best fit. These days getting found has to do with the content on your website and other sites referencing you and less to do with meta-tags.

Once they get to your “store”, the total customer experience is important to help them buy from you. This includes everything, from how easy is it to navigate the store to the way the merchandise is laid out. Especially important was greeting the customers – while Walmart does it partly for information and partly to discourage shoplifters, most stores should just think of it as part of the customer engagement process. As a store manager I know says “It is about getting inside their head and helping them satisfy a need or desire”.

Metrics – you measure what you want to manage

Analytics, sometimes called Business Intelligence or BI for short, are recommended and are important for looking at all aspects of stores – everything from vendor analysis, to on and off floor stock, to stock-outs, to merchandise layout simulation, to how customers pay for purchases (Credit, debit, cash, check), the average basket size, and the shipping methods can be analyzed and will tell a tale through trending. Even adding the dimension of weather to YOY figures can help explain the differences.

The analysis will enable you to understand the consumer and how often she shops. Research shows the store associates will influence the “average basket” by engaging the customers. There is a big sales difference when the percentage greeted moves from 30% to 60% – this is true for websites where there

is an opportunity for the web surfer to have an interactive dialogue with a sales associate. Trends indicate that stores that retain associates will also have higher basket sizes – largely built on trust and familiarity the associate has with the customers buying patterns.

Mobile – Hunt, Compare and Purchase on mobile devices

There was a large section of the show floor showing mobile technologies – technology to engage the customers using their mobile devices for the hunt, comparison and even purchase of goods. Mobile devices can scan UPC codes and get prices from other nearby retailers while in the store.

There is a lot to be done with websites to allow mobile devices to easily access them – mobile users are 51% more likely to purchase from a mobile specific website. There is a lot to be gained by making your website “mobile friendly”.

For mobile smart phone users, the use of apps can make them a fan of your site as long as you did it right. Social media sites like Facebook are already helping both on-line sites and brick and mortar sites to be more successful. Retailers can advantage of Google Location to help customers find the stores.

The exhibitors included the usual vendors of equipment NCR, Motorola (now also showing the new scanners from Symbol), as well as the software companies and theft prevention companies. One of the challenges is getting barcode scanners to read coupons that were downloaded to smartphones.

Since smartphones are already used to charge small amounts like vending machines and parking meters there is a thought that the future cash register could be a smartphone and the consumer would do self check-out on your phone, picking your payment method to convert the “self-checkout” method to being the consumer’s smartphone.

The Rise of the mobile wallet

There is even a move to do a “mobile wallet” where the smartphone would have electronic cash deposited in it and can be transferred just like a debit to a merchant. These would require the cell phone to have NFC (Near Field Communication) chips – Isis is a joint venture with Verizon Wireless, AT&T and T-Mobile which plans to roll this out in key demographic areas in mid 2012. Several handsets from Nokia, Samsung, LG and Motorola already have NFC technology implemented and Android, and Apple iPhones are expected to include it as well.

The role of Visual merchandising

There were a new generation of visual displays where the technology is designed to engage the customers – imagine a 40” touch screen with tabs and maps that start the engagement. There are other screens that allow a virtual fitting – by moving her hands a customer can “try on” different colors and styles of garments. Sometimes the displays are just used to replace posters and change every 30 seconds, other times they can play an infomercial in the store. Websites with embedded video to engage customers is a great idea, and can help consumers with brand, and product differentiation. Well done product presentations sell more product, as they educate the consumer.

One of the most successful implementations of visual merchandising is Walmart's Smart Network. Walmart offers vendor partners the opportunity to partner with them to deliver increased sales.

From the www.wal mart smart network.com website

The Walmart Smart Network was created with a single goal in mind: Help Walmart Moms have successful shopping trips. Because success for her means success for you. We achieve our mission through a combination of strategic insight, technological innovation and a commitment to the power of analytics.

Walmart is using visual displays to influence the "Walmart Mom"s buying decisions. Strategically placed visual displays are linked to POS data and used to have a "conversation" with the shoppers - the use of display screens at the welcome point, category screens in aisles, on end-caps and in a TV wall. The results are significant providing up to 100% sales lift – the analytics show the impact by dollars and units. Campaigns can be geared to such factors as the weather – snow shovels, suntan lotion and hot cocoa are items that might have a weather based trigger. This network provides a billion impressions per week over the 140 million shoppers that visit the stores each week. And although research shows that 42% of the shopping is research on line this program has been successful because 70% of the purchase decisions are made in the store, 68% of the purchases are impulse and 68% of consumers are brand switchers.

The numbers are very impressive: -

- 23% sales lift for new product launches
- 25% sales lift on seasonal products
- 7% lift on rollbacks
- and a whopping 64% sales lift for products on end-cap, display TV screens

More retailers in stores will be looking at smart in-store advertising as the way to go – eTailers will be well advised to think of how they can use the concepts.

China

Chinese retailer Li Ning sells sports wear – the founder Li Ning won 3 gold medals at the Olympics in LA. Founded in 1990 this is a unique retailer with over 7,000 doors. Li Ning wants to be the Li Ning of China (as opposed to the Adidas of China) – they are looking to cater to the "six pocket kids" a generation of children who have grown up as the only child with 2 sets of grandparents and one set of parents – thus 6 pockets to fund purchases from. Li Ning understands the need for modularity in store design, and has store themes for shop, connect and play. They have Beacon stores for marketing – telling not selling is the primary purpose and then A stores which are full presentation – showing the brand as well as selling and the B stores which are selling stores. The A stores recognize that the footwear is the primary driver and use the grocery model where the footwear is located at the back so the consumers get exposed to the full product line on the way over. The visual displays are designed to enhance the customer experience, engage the customers, and show the merchandise in action.

The customers consider shopping a national pastime which occurs for many 5-7 times per week. Since brand loyalty is a foreign concept (literally), the opportunity is to make the concepts evolve regularly and find the opportunities in the chaos.

The market has major cities that influence the commercial hubs. They are also different markets because of the climate – ranging from tropics in the south at Guangzhou where the theme is commercial, to Shanghai where the fashion and lifestyle for China is defined, to Beijing in the north which is the political and cultural center for the country. Each market requires tweaks to the marketing, merchandise and selling. Li Ning wants to be the “cool” brand for China.

Google – In Stock Nearby

Google has its own blog for retail – <http://googleretail.blogspot.com> – here, daily, the Google team discusses search and retail – lots of examples to learn from. <http://googlemobile.blogspot.com> is the place where Google has been working on the concepts for helping and understanding the mobile shopper.

Using Android devices, Google added the ability for the retailers inventory to be online – helping shoppers find which stores have things in stock and then providing Google maps to that location. It can work from a scanned price tag (the camera takes a picture) or even just a picture of an object which Google processes in its data center and returns objects that have a similar “signature”. All this in just a few seconds. This was done by Google Goggles .

Google has a blog on the topic of mobile search in which new technology from Google, like Google Goggles are highlighted. There is also a Google mobile help group organized by platform – the categories are Android, Blackberry, iPhone, Symbian, and Windows Mobile. Google Shopper is an app for Android and now for the iPhone as a download in the App Store which turns your phone into a personal shopper.

Facebook for Retail

Facebook has more than 250 million active users – the demographics cover your customers – even your online catalogue, events and “fans” can play a role in driving your business. Have a social media plan and include Facebook.

Branding – Build your Brand and your Brand Promise

What does your brand stand for ... originally brands marked cattle so that an ownership could be identified. Now the brand has become a promise. Wikipedia <http://en.wikipedia.org/wiki/Brand> says the brand promise is about what the brand stands for and what the consumer can expect to experience in conjunction with the brand.

Quality, performance and trust are some of the words that might be associated with planning for a brand. Consumers care about things such as social conscience; what the green policy is. The brand can be used to attract great employees, and win customers. It is important that you view your brand and brand evolution from the customer’s point of view. Giving your guests an exceptional experience will get

them to promote your brand, and even recruit other customers. Some of this can be as simple as a review on the website, or a Facebook page for your fans.

New scanners – mobile coupons and “web tags” in ads

Smartphones allow coupons to be downloaded so that a user can be enticed to come into the store – the trouble is that often the old generation of scanners is not capable of picking up the coupon or 2d bar codes. The UPC – Universal Product code (sometimes known as a barcode) was first put in production in the 70s and 80s – it lowered the cost of handling goods by 1-2% and the equipment had a 45% ROI. The latest (3rd) generation of High Capacity Color Barcodes and QR Code (Quick Response Code) allow much more information to be encoded and can be used to link to a website. Often smartphones have capabilities built in but the scanners at airports, and at retail stores had to be changed to accommodate the new formats on the smartphones.

Magazine ads can use smart tags to link to a website to engage the customers more – so special offers can be used with tracking to understand the origins of the customer response. McDonald’s has made it possible for a smartphone user to point their cellphone’s camera at the hamburger wrapper and get nutrition information on their cell phone screen.

What information do you have, that you want to help your customers know about your products? How will you take advantage of smartphone technology to engage your customers?

Customer lifecycles – build a customer for life

Many companies want to engage their customers at certain points in their lives the 13-18 year olds, the 30-45 year olds, people who are 50+. Depending on the product there may be a way to engage a client for life. This was the case for the all services Exchange – in a recent make over the AAFES or PX realized that there was an opportunity to engage their customers for life – the exchange had been around for over 100 years and are often deployed, not just at bases and in the field, but these days on disaster recovery missions ... often a small mobile commissaries are deployed within hours of a mission being improved to provide some of the comforts of home in the remote area. There is a lot of history in a 100+ year old corporation but the website with its 18 million items available (www.shopmyexchange.com), the stores, the catalogues and even their Burger Kings and ReelTime theaters are designed to fit into the lives of the customers – mostly US Military – active, retirees, reserves and overseas Department of State employee and their dependants.

Conclusion

It costs five times as much to sell to a new customer, developing rapport and selling versus selling to an existing customer – how are you engaging and re-engaging yours? The NRF and Stores magazine showcase a great array of technologies to help with engaging, measuring, and capturing customers. Mobile will be a growth area, but much of the 2011 message is that back to basics; understanding your customers, and engaging them in a dialogue that differentiates your brand is the challenge.