

FROM THE EDITORS' DESKS

Rewarding Retail Innovation

**ERIN HARRIS**

Editor in Chief

Taken at face value, there's really nothing special about the word, innovation. Merriam-Webster defines it as the introduction of something new, or a new idea, method, or device. New doesn't necessarily translate to good or better, and by that definition, technology innovation in retail is something of a commodity. Silicon Valley is brimming with it. It's bubbling and oozing out of so-called "retail innovation labs" in merchant headquarters from New York to San Francisco. In short order, we'll see hundreds of innovations under one roof at the NRF BIG Show.

Right now, much of this innovation is costing retailers a lot more than it's yielding, and we don't think there's anything wrong with that. History is full of examples of revolutionary innovations that suffered repeated failure before an "aha!" moment changed the world. Electricity. The light bulb. The airplane.

The challenge in this modern climate of tech innovation is the pace at which it's happening. It's a dizzying game of roulette, one in which a series of bad bets — too much cash placed on the wrong combinations of colors and numbers — can cost you dearly. Innovation-seeking retailers need to fail fast, and they need to fail cheap. And when they land on a winner, they need to scale up even faster to maximize the cash-in on their bet. That takes guts, savvy management, corporate buy-in, and smooth execution.

In this month's issue of *Innovative Retail Technologies*, that's the stuff we're celebrating. Our Retailer Innovation Awards coverage starts on page 7. It's a celebration of the retail technology innovation that's winning, and proving itself by producing measurable results for progressive merchants.

“
Retailer Innovation Award recipients aren't just doing something new, they're reaping the business reward for the execution of their innovation.”

Leading into the fourth quarter of 2016, we executed a call for nominations that yielded 50 examples of merchants doing innovative things. These nominations showcased the bravery of retailers that are making fundamental business process and technology changes that don't just differentiate, but advance, the business cause on the differentiation they're achieving.

Choosing the winners was no easy task. In November, the IRT editorial and publishing staff pored through hundreds of pages of nomination forms. We ranked them on criteria including the innovational attributes of their initiative, the collaborative effort demonstrated among systems and departments, and the measured success the innovation yielded.

That last criterion is a commonality among our winning entries. Retailer Innovation Award recipients aren't just doing something new, they're reaping the business reward for the execution of their innovation. Award winners were recognized in six critical areas of business transformation — omni-channel retailing, customer engagement, in-store operations, WFM/HCM, loss prevention, and supply chain/fulfillment.

The winners and finalists we recognized this year are addressing the incredibly complex problems retailers face today, and they represent some of the brightest minds and boldest leaders who are solving those problems through innovation.

On behalf of the team at *Innovative Retail Technologies*, congratulations to the winners of the 2016 Retailer Innovation Awards. We're inspired by your success, and we know our subscribers will be, too.

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Orvis

Project Lead: Dave Finnegan, Customer Experience Officer, Orvis



ORVIS®

Recognizing that its customer base—which skews to older, affluent customers—is increasingly using smartphones, tablets, and mobile apps, Orvis has gone full-on mobile in its stores. With its Aptos Store POS system, the merchant is delivering on its “endless aisle” promise to customers and improving the engagement through digital.

With its new platform, sales associates can order out-of-stock products online and process payments via a credit card reader-equipped iPad Mini. The associate can also use the iPad to

Orvis has improved customer capture from 56 percent to more than 70 percent.

show customers similar products that they might be interested in. Enterprise inventory visibility allows associates to locate a particular size, color, or style in any item, either online or at another store. The associate can then arrange to have the item shipped directly to the customer’s home. This in-

store-mail-to-home approach is one of the tenets of Orvis’ omni-channel strategy, ensuring an easy path to purchase and more efficient product returns and repairs.

Orvis is leveraging its Aptos Store POS system to support customer engagement in the store. The merchant is able to provide all the product, inventory, and pricing information shoppers need to make confident decisions, as well as all the resources to process transactions efficiently and on their customers’ terms. If a customer finds two items in a store, but requests a third item that store doesn’t have in stock, an associate can order the out-of-stock product online and process payment for all three via the iPad Mini.

Orvis is seeing significant business value and ROI in the seamless integration between a mobile “endless aisle” solution and POS that eliminates the catalog order desk in the store. Early wins include:

- A 10 percent increase in enterprise sales.
- Orvis customer capture growth from 56 percent to more than 70 percent.
- Doubled associate satisfaction compared to Orvis’ previous system. ■

ADOREME

Project Lead: Josselin Petit-Hoang, Head of CRM, AdoreMe

Within a year of implementing Optimove’s CRM technology, AdoreMe created 66 unique customer personas and realized a 15 percent increase in monthly revenue, 22 percent increase in average order amount, 2.3X customer growth, and 85 percent campaign automation. ■

Finalist



Sam's Club

*Project Leads: Roz Brewer, President and CEO, Sam's Club;
Jamie Iannone, President and CEO, Samsclub.com*



bile check-in for product pickup across the entire chain. Location-based check-in enables the club to prepare orders for pickup before the member has set foot in the club. The retailer is rolling out curbside and drive-thru pickup so that members won't even need to leave their vehicles.

Recognizing that more than half of online orders at Sam's Club are reorders, the merchant built an easy reorder tool into its app and on its website. That tool stores members' past purchases, allowing the reorder of those items with a few clicks.

The proof of innovation success at Sam's Club is in the numbers:

- Club Pickup grew 46 percent year-over-year in Q4 2014.
- Mobile purchases tripled over last year and are growing nearly 25 percent each month.
- Members rate Scan & Go 4.5/5 on iTunes and a 4.1/5 on Google Play.
- 74 percent of members who try Scan & Go use it again within 90 days.
- Incremental spending has increased nearly 10 percent. ■

A bevy of complementary digital tools makes Sam's Club a veritable case study on leveraging digital technology to transform the member shopping experience. Its newest innovation, the free Scan & Go App, is a homegrown solution that allows members to use their smartphones to completely bypass the checkout lane. Once inside their local Sam's Club, members can use the app to scan UPC codes on items in their cart and pay directly on their phone from anywhere in the club. The app also allows users to tap into member-exclu-

Mobile purchases tripled over last year and are growing nearly 25 percent each month.

sive savings and easily track spending throughout their trip.

The new Club Pickup service allows Sam's Club members to order items online from their club and schedule a pickup time that works best for them. It was the first retailer to enable mo-

JOURNELLE

Project Lead: Lyn Lewis, CEO, Journelle

With NetSuite running its core retail business systems, Journelle is providing its store associates with a 360-degree view of the entire customer life cycle with real-time access to the CRM data captured from across all sales channels, as well as its 20,000 SKUs across all locations. ■

Finalist



The Home Depot

Project Leads: Kevin Hofmann, President, Online & Chief Marketing Officer; Prat Vemana, VP Digital Experience, The Home Depot



and mobile app to enhance the digital experience. It's using data and behavioral analysis of how customers are shopping, as well as customer feedback to make it easier for customers to engage with the site. That enablement is marked by aggressive investment in a combination of homegrown and vendor-sourced technologies, many of them customer-facing. The online user's experience, for instance, dynamically adjusts to the screen size and device being used. Product information pages feature increased image sizes and clarity, multiple and 360-degree product views, videos, ratings and reviews, and Q&A pages. An intuitive header groups shopping, store information, DIY Projects & Ideas, and Services into simple, accessible areas, and accessibility for visually impaired customers is enhanced with font size minimums and contrasting colors to help optimize the viewing experience for people who are color-blind.

As a result of its innovation and effort, The Home Depot reports:

- Online commerce exploding beyond \$1 billion sales growth year over year
- 1.5 billion site visits in 2015
- About \$4.7 billion in total 2015 sales ■

The Home Depot's recent e-commerce and cross-channel fulfillment initiatives are reaping major rewards for the home improvement mega store. It's become an undisputed leader in the enablement of buy online/pick up in store, buy online/ship to store, and most recently buy online/deliver from store. The latter has been operational in more than 700 stores since the end of the second fiscal quarter 2016. More than 40 percent of The Home Depot's online transactions are fulfilled in store. Those transactions are supported by beefed-up call centers and three one-million+

More than 40 percent of Home Depot's online transactions are fulfilled in store.

square feet of direct fulfillment centers strategically positioned across the country to deliver 90 percent of customers' online orders of regionally stocked parcel items in two business days or less.

To drive these interconnected experiences, The Home Depot recently launched a completely revamped site

ROCHE BROTHERS

Project lead: Geoff Farrington, Sr. E-Commerce & Operations Manager, Roche Bros Supermarkets

Finalist

Roche Bros is allowing in-store associates to fulfill orders in an unlikely segment — e-Grocery. The initiative is enabled by ShopperKit software, running on Samsung tablets mounted on the associates' carts, paired via Bluetooth to Brother Mobile Solutions' RJ3050 printers for in-aisle item and order labeling. ■

THE LIMITED

Project Lead: Kris Merz, CIO, The Limited

Finalist

By leveraging its relationships with its 3PL, Oracle, and Demandware, The Limited has developed a solution that allows customers and store associates to quickly reserve and order items from stores, decreasing the amount of overhead required to facilitate transactions on behalf of customers. ■

Neiman Marcus

Project Lead: Scott Emmons, Head of Innovation Lab, Neiman Marcus



Neiman Marcus

Neiman Marcus doubled customer dwell time and lifted user spend by 29 percent.

As he considers investments in technology and services, it's clear that Scott Emmons assumes the customer's vantage point. He's quick to marshal resources and execute on innovation that promises to drive Neiman Marcus forward. Emmons demonstrates an understanding of what it means to combine brave decision making with disciplined execution. He invests for the long term, rather than getting bogged down with near-term challenges to implement new tech. Emmons is also very startup friendly, acting as a helpful partner in bridging the gap between fast-moving tech companies and a more traditional company environment at Neiman Marcus.

Here's just a snapshot of the innovation he's spearheaded there:

- Snap, Find, Shop, a Slyce-powered mobile app that enables consumers to take pictures of outfits, then uses visual recognition technology to present similar products available for purchase at Neiman Marcus
 - A ChargeItSpot secure cell phone charging station roll-out to Neiman Stores nationwide. The solution has doubled customer dwell time and lifted user spend by 29 percent, and it captures the email addresses of users
 - Memory Mirror from Memo-Mi, which enables customers to see a 360-degree, sharable view of how they look as they try on apparel and eyewear
 - An associate communication system by Theatro Online live chat platform by Powerfront
- Much of this innovation was born of the creation of the Neiman Marcus iLab, which has been recognized as a leader in experimenting with new technologies and delivering innovative ways to delight the customer. The iLab has driven the embrace of technology, which is now seen as a core corporate value at Neiman Marcus.
- Neiman Marcus iLab projects touch many different parts of the business. Its business wins include improved customer engagement, new insights for customer analytics, longer in-store dwell time leading to larger shopping baskets, new platforms to deliver personalized recommendations, and more. ■

Finalists

COLUMBIA SPORTSWEAR

Project Lead: Lindsay McCann, Marketing Analyst, Columbia Sportswear Loyalty Program

Columbia is using social tools from Chirpify to proactively — and unexpectedly — reward customers for the brand advocacy the brand encourages. The merchant can reward anyone for their social brand advocacy activity with automated, predefined rewards. ■

Finalists continued on page 11.



Finalists

COUNTRY CURTAINS

Project Lead: Jeremy Warren, IT Director, Country Curtains

Country Curtains is leveraging UTC RETAIL POS-J mPOS, integrated with its custom configurator, to roll out a concept that presents the store as a showroom and extend the retail experience to the customers' homes. Store associates and in-home sales staff can present products and process orders via their iPad tablets. ■

EVEREVE

Project Lead: Anthony Hoang, Chief Information Officer, Evereve

Evereve powers stores, e-commerce, and data warehousing with Command Retail from Celerant. The solution captures every sale, return, and wish list to provide insight into individual buying behaviors and style preferences. The merchant's Trendsend e-mail initiative drives revenue greater than any individual store. ■

RST BRANDS

Project Lead: Matt Grimm, E-Commerce Manager, RST Brands

Leveraging NetSuite and Bronto, RST Brands created a new, digital channel for its customers to find replacement and out-of-season merchandise. E-Commerce has thus grown to between 30 percent and 40 percent of overall revenue there, while open and click rates improved 12 percent and 30 percent, respectively. ■

SUR LA TABLE

Project Lead: Kevin Ertell, Senior Vice President of Digital, Sur La Table

Using an Adaptive Navigation solution from Edgecase, Sur La Table supports customer engagement by expanding and cleansing product data to present unique and compelling product attributes and offering category level filters that make it easy for shoppers to find what they want. ■

ZACHYS WINE & LIQUOR

Project Lead: Victor Castro, Digital & E-Commerce Director, Zachys

Zachys leverages an email trigger program from Bluecore to communicate more effectively with its customers. The program's coding allows Zachys to aggregate customer data and better understand shopper intent. Since implementation, the merchant's e-commerce division has experienced 54 percent growth, representing 23 percent of revenue. ■



the paper  store™

The Paper Store

Project Leads: Tom Anderson, CEO; Craig Hewitt, VP Operations; Linda Thatcher, VP Planning; Brian McGinty, VP IT, The Paper Store

As The Paper Store (TPS) grew, management there understood that in order to maintain a high customer service level, unique and diverse assortment, and convenient fulfillment options, it would have to bring world-class technology and innovation to its supply chain processes.

With an ERP system from Aptos and integration of Retalon's predictive analytics platform, TPS is now able to calculate demand at the store, DC, and e-commerce levels. The merchant has integrated demand forecasting with purchasing, replenishment, and promotions on one predictive analytics platform, allowing automatic and proactive accounting when calculating optimal purchasing and replenishment quantities across the business.

TPS is a highly seasonal, event-driven retailer with many high peaks and low valleys in demand. To mitigate the ill effects of seasonality, the merchant has implemented a system to account for all seasonal peaks, moving events, promotions, and even weather changes. This allows TPS to maintain a high in-stock position on hot items during all seasonal peaks while avoiding overstocks and carrying costs.

The addition of 20 new stores represents 30 percent store growth at TPS.

Prior to bringing increased automation to its supply chain, TPS was manually reviewing almost every SKU/store combination for DC replenishment and purchasing order quantities. As part of the innovative technology TPS implemented across its supply chain, many of these processes are now automated.

The work that TPS has invested into bringing world-class predictive analytics technology to their supply chain has created many benefits, including:

- Reporting time efficiency improvements, from several days and multiple associates to mere minutes
- A decrease in inventory carrying costs, marked by a reduction from 40 weeks of supply to just 12 without losing any sales
- 30 percent store growth through the addition of 20 new stores in less than two years ■

FIELDS CANADA

Project Lead: Dean Petruk, President/COO, Fields Canada
Fields turned its Vancouver logistics DC "green" by eliminating paper consumption using RF technology. Its Magstar platform and wireless mobile devices from Zebra/Motorola allowed an 80 percent reduction in cycle time, freed up ten hours per week for store managers, and shaved 14 days from its previous time-to-store metric. ■

THE SPORTSMAN'S WAREHOUSE

Project Lead: Jeremy Williams, General Manager, The Sportsman's Warehouse
Sportsman's Warehouse gives partial credit to a HighJump WMS implementation for the double-digit growth of its e-commerce business and addition of several new stores. The merchant took advantage of adaptability tools inside the WMS to move from solely retail store fulfillment to omni-channel fulfillment. ■

TRACTOR SUPPLY

Project Lead: Rob Mills, Sr. Vice President & CIO, Tractor Supply Company
Recognizing that its supply chain and fulfillment efforts run on mobility, Tractor Supply took steps to reduce labor and inventory costs by implementing a Mobile Power Management system from GTS. The system allows the merchant to quickly identify bad mobile batteries, remove them from its fleet of devices, and optimize operations. ■



L'Oréal USA

Project Leads: Antoine Bourgeois, AVP Retail Applications; Pierre Ejarque, Omni mPOS Applications Manager; Mike Pompignano, AVP Retail Information Technology; Marc-Alexandre Risch, Chief Retail Officer, L'Oréal USA



L'ORÉAL USA

L'Oréal USA is leading the way toward omni-channel, mobility, and EMV adoption in the luxury segment, as evidenced by its deployment of Cegid for mobile POS and omni-channel, KIBO omni-channel order management, Cayan payment processing, and Verifone payment hardware. The integrated omni-channel and mobility solution will be rolled out in some 200 North American stores across the company's Kiehl's, NYX, Urban Decay, Carol's Daughter, and L'Oréal Outlet brands.

This complete solution empowers sales

L'Oréal's EMV-compliant mobile tool set reduces risk of exposure to credit card fraud.

associates to deliver a more personalized and impactful customer shopping experience, driving increased customer satisfaction and sales while reducing the risk of credit card fraud.

The Cegid mobile POS application al-

lows sales associates to roam throughout the store, no longer tethered to the cash-wrap. This greatly increases the time those associates spend engaging customers and allows that engagement to occur on the customer's terms. Mobility provides more opportunity to build relationships and provide value-added services to the customer, therefore driving additional and increased sales through cross-sell, upsell, and reduced wait times.

The POS solution provides sales associates with real-time cataloging, inventory, and customer and loyalty information, making it easier for them to deliver a more relevant and personalized service to the customers on the floor and further prompting more cross-sell and upsell revenue. Because Cegid allows sales to be performed on the floor and away from the cash-wrap, the lines in stores are minimized, and the potential for customers to walk away is reduced.

Finally, because L'Oréal is deploying Cegid's mobile POS integrated with Verifone's EMV-enabled payment hardware and Cayan's EMV payment processing capability, the merchant's mobility tool set is highly secure and reduces risk of exposure to credit card fraud. ■

FIVE BELOW

Project Lead: Gregg Smith, Sr. Director, Asset Protection, Five Below

When store growth prompted the advent of Five Below's first LP department, its search for a fraud detection solution led it to 20/20 Retail from Agilence. The tool has proven valuable outside the scope of LP alone, as managers are now able to monitor both top performers and potential offenders and reward or remediate as appropriate. ■

Finalists

JOHNSTON & MURPHY

Project Lead: Danny Ewoldsen, Executive Vice President of Retail and E-Commerce, Johnston & Murphy

Johnston & Murphy is using technology to buck traditional scheduling methods and offer an enhanced, sales-improving in-store experience. Its analysis of in-store traffic data provided by ShopperTrak's People Counting & Conversion solution helped it achieve a sustained 10 percent increase in converting larger average transactions. ■



Finalist



LUXOTTICA®

Luxottica

MIAMI HOME CENTERS

*Project Lead: Johil Parbtani,
General Manager, Miami
Home Centers*

The Epicor Scheduling+ solution allows Miami Home Centers to streamline the employee scheduling process and reduce management oversight of schedules at its four stores. Managers can schedule according to whether they are over or under budget for the day/ week/month, helping the small business keep tabs on its finances. ■

Luxottica Group has a reputation for its considerable ongoing investment in the training and development of its associates and the quality of its work environment. With store associates playing such an important role in providing a consistently excellent shopping experience, the company needed to provide team members with a single place to view corporate communications, employee training direction, onboarding processes, and tasks and performance metrics.

Luxottica implemented a task management solution from Reflexis Systems to centralize the effort, determining that the single WFM platform would ensure that field leaders, store managers, and associates understood and executed the company's strategies.

With its task management solution in place, corporate can coordinate planning of product launches, streamline communication, update a singular calendar, and ensure stores are executing Luxottica's product and customer service direction.

Luxottica provides a singular platform for enterprise-wide corporate communication.

The POS/mobile device-enabled Reflexis solution benefits both corporate users by:

- Providing a single source for all to view prioritized corporate communication
- Freeing up more time for customer-facing activities
- Enabling visibility into who had completed corporate plans and who had not, with the ability to manage by exception and help stores address reasons for non-completion
- Creating transparent accountability with real-time tracking and reporting of completion and comments
- Enabling a third-party rewards and recognition program, which includes training materials, quizzes,

peer recognition, points awards, and a social hashtag feed tied to key brand initiatives

- Empowering field/store associates and corporate with two-way communication on activity status in real time
- Reducing the amount of paper-based communication, supporting the company's Zero Waste initiative
- Decreasing duplicate or corrective communications; when details for a project or communication change, the system flags the presence of new information in line with the original communication.
- Linking to other programs and applications to serve as the source of truth

The impact of the solution at Luxottica has also resulted in increased productivity and growth in sales in terms of comp sales (year-to-year same store comparisons), overall sales, and key product lines. ■



DICK'S Sporting Goods

Project Lead: David Lund, Vice President of Loss Prevention, DICK'S Sporting Goods

At DICK'S, the innovative use of integrated IP video, data analytics, EAS, and RFID technology is simultaneously supporting the company's LP and omni-channel strategies. The company was an early adopter of IP video, installing it in all new stores since 2008. Now the company is exploring ways to tie its POS data with its IP video system to support investigations.

The innovative LP analytics department at DICK'S focuses on merchandising and allocation. Analytics have revolutionized the way the company leverages data and allocates its financial resources to attack shrink. Instead of attacking high-shrink categories, for instance, it's now leveraging data analytics to protect the exact premium brands and/or the specific price points that are most impacting shrink.

More recently, recognizing that its customers are shopping online and using mobile devices more than ever before, the merchant adjusted those strategies to offer a seamless shopping experience across all channels. DICK'S recognized a need to layer RFID into EAS as a viable solution at the storefront to help better manage shrink, optimize store performance, and support its strategic omni-channel retailing initiative. The company made a significant capital investment in the Sensormatic Synergy storefront detection system, which supports RFID-enabled inventory and shrink visibility. An innovative retailer, they are installing Synergy in all 2017 new stores, for future migration to RFID. The company is using



RFID increases inventory accuracy and eases federal firearms regulation compliance.

RFID to increase inventory accuracy for federal regulations with firearms.

For retailers, achieving real-time, item-level visibility with RFID technology is beneficial not only for LP. The value in knowing where every item of inventory is within its brick-and-mortar stores is also useful for replenishment and online order fulfillment, which all feed a strategic initiative to be a premier omni-channel retailer. ■

Finalists

BURLINGTON STORES

Project Lead: James Connolly, VP of LP, Burlington Stores
Burlington Stores is continually upgrading security in stores and DCs in partnership with American Integrated Security Group, Vivotek, Axis Communications, Samsung (Hanwa), Sony, Wavestore, and Views/LG public view monitors. It was one of the first retailers in the country to utilize IP network and 360-degree camera technology to its fullest potential. ■

Finalists continued on page 16.



Finalists

RC WILLEY

Project Lead: Rod Mosher, Director of LP, RC Willey
Recordings from RC Willey's Axis Communications/AlphaCorp/Genetec IP video system are helping the company analyze the root causes of inventory discrepancy and change their protocols to avoid discrepancies. Its shrink figures are now 0.01 percent, well below the industry average 1.7 percent, while the system also drives warehouse and inventory management improvement. ■

ULTA BEAUTY

Project Leads: Marie McWard, Director, LP Systems and Operations; Jake Welch and Marc Abramson, Regional LP Managers; Perry Manous, Sr. Director, IT Store and Mobility Systems, Ulta Beauty

Ulta is leveraging prescriptive analytics technology from Profitect to identify previously unseen areas of sales and loss opportunity. In addition to prediction and prevention of store-level shrink, the solution helps identify out-of-stock products, ensures compliance with inventory policies, and provides product performance data to other areas of the business. ■

ON BEHALF OF *INNOVATIVE RETAIL TECHNOLOGIES*,
CONGRATULATIONS TO THE RETAILER INNOVATION AWARD WINNERS AND FINALISTS.
YOUR INSPIRING INNOVATION CONTINUES TO DRIVE PROGRESS IN OUR INDUSTRY.



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