

In-Store

The Newsletter of In-Store Marketing & Business
December 2005

TM



DEAR READER:

We made it to December and now we have only one month to finish all the projects we planned to do this year. One great, ongoing project that I believe we all share, which will carry us into 2006 and beyond, is to listen to the voice of the customer, put the customer first, and continually enhance the customer experience. I'd like to take the opportunity to wish all our readers a happy and successful continuation to this important and exciting project in the coming year.

GEMCON 2005 was filled with speakers and exhibitors talking about different dimensions of the customer experience. As Carlene reviews the offerings of GEMCON's cadre of exhibitors, I'll be adding in my own perspective on how each of these companies makes a meaningful and distinctive contribution to enhancing the retail customer experience. Let me tell you why I think this "angle" is so important.

As we see retailers struggle to make a profit, it's easy to understand how some take their eyes off the ball (customer satisfaction and delight!) and get sidetracked into attempts to drive near-term sales by lowering prices. The pressures are relentless. A major retailer whom we all know well just posted negative earnings. Today, in the industry we love, driving sales and earnings, *while the rules of the retail marketing game keep changing*, isn't a breakthrough strategy; it's a business imperative, and a matter of survival.

A friend of ours and yours, the Content Guy over at the *MorningNewsBeat*, is rightly persistent in touting the importance of *differentiation* vs. mere price competition. But how can you achieve this? It's all about *listening to your customer*, and delivering, consistently, to what your customers *really* require...not what you guess they *might* require. It's about collecting not only transaction data, but also direct customer feedback and analyzing it systematically to derive lessons about customer needs and aspirations. I predict that in 2006 we'll be seeing more in the way of technology that supports listening to the Voice of the Customer.

Our mission at Ogden RSC is to facilitate the sharing of knowledge about, and to fuel your passion for, enhancing the customer experience in a way that results in end-customer delight and loyalty...and, crucially, shareholder delight as well. We're excited about continuing on this journey with you in 2006 and beyond.



CARLENE'S COMMENTS

I hope you all had a wonderful Thanksgiving holiday and were able to come up with a number of things to be thankful for. We certainly did, and one of them is having such nice folks to work with in this fascinating industry. And speaking of nice folks, the following is brief summary (with Jon Robertson's insight) of the vendors in our GEMCON exhibition area.

Highlights In This Issue

Vendor Reviews	2-4
CRI Purchased by Pay By Touch	4
The Bloom Story	5
Systech/OPENFIELD purchased by Torex	6
Debitman	6
GEMCON Store Tours Overview	6,7
Janet Murphy: "The Real Pulse of Retailing"	7,8

In-Store™, the newsletter of in-store marketing and promotion, is a publication of Ogden RSC, a leading supermarket technology consulting company. Editor Jon Robertson, has more than 20 years of experience in the retail business. Call (203-395-4339), fax (973-539-6347), email (jrobertson@ogdenconsultants.com) or send us news you'd like to see covered in In-Store. Ogden RSC, 28 Wetmore Ave., Morristown, NJ 07960 www.retailsys.com

CONNECT3 provides **software solutions and services that help retailers plan and execute Advertising, Merchandising and Promotions (AMP) services.** The system allows retailers to compress the promotion cycle and target consumer-centric item messaging. 562-741-0380, www.connect3.com, info@connect3.com

JON ROBERTSON: Consider the old skit “who’s on first?” Or the fractured sense of truth inherent in the phrase “he said, she said.” In a similar fashion, when you try to track both manufacturer spending and retailer performance, confusion reigns. What about a solution that enables the retailer to analyze, manage, negotiate and reconcile promotional activity at the retail level for the promotion dollars received from manufacturers? That’s in essence what Connect3 offers the industry. Their approach should increase efficiency and effectiveness for both retailers and manufacturers. Retailers that are thinking of customer-level marketing will need to be as efficient as possible in their use of trade funds. It starts with eliminating confusion, knowing what’s working and what’s not, so retailers and manufacturers can, collaboratively, optimize to the real requirements of consumers in the marketplace. This kind of solution looks to bring the data to the table. We have operated out of the shoebox long enough.

3D Dimensions Communication Network (previously Betacorp Management), one of our GEMCON theme sponsors, announced its new name and latest technology at GEMCON. The company makes a very cool holographic kiosk that at the moment also dispenses targeted coupons using internal software tied to the retailer’s frequent shopper program (or not) but their plans for the future involve much more. See the September issue of In-Store for the in-depth interview with Dimensions’ CEO, Kevin McKenna.



The Dimensions Communication systems currently in operation can be seen at Buy For Less, Reasor’s Supermarkets, and Crest Foods, with participating manufacturers including Kraft, Bar-S Foods, Griffin Foods, Owens Country Sausage, Advanced Brands Fast Fixin’ and Field’s Pies. www.dimensionsnet.com, Kevin McKenna kmckenna@dimensionsnet.com

JON: Could the time be right for kiosks to be accepted and used by consumers? A panel of retailers and manufacturers participated in a question and answer session during the first day of GEMCON and most of the responses were positive.

The customer, *your* customer, is key (as always). Where kiosk applications connect well with your customer needs, the time could be right for kiosks as the delivery mechanism.

comScore Networks, Gian Fulgoni’s latest venture, was one of our theme sponsors this year. comScore tracks online behavior of a panel of over 3 million people.

Also, through an arrangement with Catalina Marketing’s Behavior Activated Research program, comScore communicates with consumers via surveys and targeted messages. www.comscore.com or call 703-438-2000.

JON: Integrated behavioral and attitudinal insight. That’s what marketers have wanted since the advent of focus groups and consumer surveys. But the problem of sample size is always debated. When all is said and done, does the customer feedback we receive create a strong, reliable basis for decision-making with respect to specific customer segments? Gian Fulgoni and the people at ComScore have put the web to work to respond to this issue. Giving the marketer comprehensive, statistically valid data from a multi-channel environment is a major step forward in helping develop a complete picture of meaningful clusters of customer behavior, requirements, and demand.

Catalina Marketing, the sponsor of our GEMCON Communicators (interactive devices we use for audience discussions and feedback), showed examples of retailers programs around the country that are used with or without loyalty programs.



Catalina also had samples of the highly exciting new full-color coupons we’ve all been hearing about. The quality of those coupons is very impressive! 727-279-5450, tim.klapka@catalinamarketing.com

JON: The four-color quality here was truly astounding. In addition, the club-without-card is clever and will respond well to the needs of many consumers. Catalina seems to have made a successful heads-down effort to bring new functionality to a very well established program. An opportunity for the future will be in enabling the smaller retailers with their technology. I can’t wait to see the customer-inspired innovation that may flow as the Catalina tool set gets into the hands of more and more forward-thinking retailers.

MobileLime offers one to one marketing, card-less loyalty and flexible payment that works with all 197 million cellphones in the U.S. Bob Wesley, MobileLime's CEO and an IT representative from Broadway Markets talked about the program from the GEMCON stage. www.mobilelime.com or call 866-360-LIME.



JON: Very innovative technology. This is the first US based company to allow consumers to make purchases at participating merchants through any mobile phone. The key here is "participating merchants." Retailers of all types will need to accept and participate in the Mobile Lime network before it will have optimal consumer appeal. The company has a great start in Boston; the Broadway Markets program is very interesting. Because of the lifestyle fit to America's cell phone-oriented population, the elimination of a need for a card, and other convenient aspects, the Mobile Lime program is something that anyone who's developing or marketing a loyalty program should study and understand.

Webstop.com, our GEMCON website provider, offers site hosting and development for retailers that allows linking of the shopper card to the weekly ad and then to the ability for consumers to create a shopping list – all based on efficient and affordable modules. www.webstop.com or call 727-942-2797

JON: Having a consistent presence to your customers is a must. The people at Webstop have enabled the web site touch point for many retailers. They focus uniquely on our industry, and understand many of the issues, and that's a big plus.

National Payment Card is a new company that includes Danny Portal, previously of S&H, xiNETix, and APT. NPC offers a system where retailers use their loyalty cards as payment vehicles for ACH (electronic check) transactions. The system is PIN-based with a very interesting RFID-based biometric (fingerprint) component. www.nationalcheckcard.com or 561-210-8630

JON: If you think you may be paying too much in credit cards transactions fees, have a look at the National Payment Card system. The potential here is savings for both the retailer and the manufacturer. In theory, retailers can share the savings with their customers, adding value to the card loyalty program. In addition, I like the biometric system, though this may scare some people; PIN codes are also an option.

POSNet enables automatic promotion management for complicated offers and deep targeting to millions of consumers through what they call a "turbo charger to the POS system." It is a way for retailers to easily implement customer-specific promotion management – think of it as plumbing. www.posnetservices.com or Donna Rando 201-960-9801

JON: Customer-level discounting using complex offers is difficult with the best team behind the scene. This is an area where few retailers have gone. If you wish to offer true one-to-one incentives, and ensure that the offers are relevant, you need to get into the plumbing, as they say.



ScanAps has an interactive loyalty card that is not a card. Rather, it's a small optical scanner that fits on a key-chain. Consumers scan coupons at home and bring the device to a docking station at the front end where coupons are automatically redeemed.

www.scanaps.com, John Rodning
rodning@scanaps.com or 612-801-0445

JON: ScanAps just finished a pilot with Green Hills Farms. If you visit the ScanAps web site you'll see some interesting video of customers describing and actually using the system. This is a major change in the way people use coupons and, as always with major change, it will take acceptance from the triangle (customer, retailer and manufacturer). Not a small challenge. The company has two products now: Differential Pricing Model (DPM) and Interactive Loyalty Card (ILC). If you think about it, this little scanner could have many uses. For one (I know somebody was trying to do this a couple of year ago) scan items before you throw the empty container away. This could make compiling a shopping list pretty simple. The retailer could make sure the high margin items from the deli and bakery have scannable barcodes to ensure easy "reordering." Furthermore, heavy items underneath your cart could be scanned, without the need to lift them up to the belt.

Capture Resource has full-range support for reward programs from card production to data entry and hygiene. Their products include an in-store loyalty card sign-up kiosk with immediate card issuance and same-day database turnaround and a print on demand gift card sale kiosk that prints cards in 23 seconds.

www.captureresource.com

JON: The Capture Resource gift card center is a great idea. I'm a strong believer that retailers' card programs should have multiple uses. A small number of retailers have tied their cards to discounts and incentives at non-competing retailers, merchants and service companies. Now, the same effort the retailer puts into the consortium can be leveraged to sell gifts cards for all the consortium partners (at a profitable margin), truly an added value service for the customers.

LATE-BREAKING NEWS FLASH! We just learned that **Capture Resource has been purchased by Pay By Touch**, a provider of biometric authentication, loyalty, membership and payment solutions. The deal adds to the growth of Pay By Touch Loyalty, one of Pay By Touch's business units founded this past year, by beefing up its customer base and adding another layer to its loyalty offering. Under the terms of the deal, Pay By Touch will assume responsibility for all of Capture Resource, Inc. assets and will manage the company's 120 million-plus consumer loyalty enrollment profiles, including more than 12,000 supermarkets and retail institutions. "Capture Resource's intellectual property, customizable loyalty programs, technology and consumer-friendly kiosks bring significant value to Pay By Touch and will help continue to grow our unique loyalty offering," said John Rogers, founder, chairman, and CEO of Pay By Touch.



ShopToCook offers Recipe Centers for busy consumers wondering "What's for dinner tonight?" The interactive kiosk provides the ability to choose and print recipes while also providing an immediate shopping list, promotional offers and product information. Dave Carlson, d.carlson@smartmedia-us.com or 203-453-6180.

JON: This ShoptoCook kiosk is very fast and easy to use. If you wait to get to the store before you ask yourself, "What's for dinner tonight?" you need help, and this company can help you. If you're a gourmet cook, the recipes may not be up to your standard, but who cares? The kiosk size looks right for produce and meat departments. Did I say it could be time for the kiosk where the applications are customer-friendly?



Matthias MoneyBoard provides an interactive, web-based advertising that offers coupons via multiple touch-screens on in-store kiosks. Manufacturers pay only for redeemed coupons and the company claims retailers are paid 25 cents plus the face value of each MMB coupon redeemed. *From a retailer perspective, this one almost sounds too good to be true, but it is true!*

www.matthiasmoneyboard.com or 888-8525-7878.

JON: OK, I know, a third kiosk. The value proposition with Matthias Moneyboard is simple here. Retailers get \$.25 plus the face value of the coupon, and this includes the clearing and redemption (no handling). The customer gets a very fast interactive coupon selection system. Easy to see. OK, it's big and the manufacturers get a pay-for-performance program.

The key question to ask (and to test), as always: does this fit with what my customers want? Also, what revenue does the MoneyBoard produce and how does that compare to my revenue per square foot of other products that could occupy that space?

Valassis/VRMS showed its MarketEXPERT XR, an open relational database management system that enables high-volume retailers to use frequent shopper data in one-to-one loyalty marketing campaigns and incentive programs; TargetEXPERT XR, a sub-system for communications between MarketEXPERT and consumers and Campaign EXPERT XR, a calendar driven campaign management tool for mapping, scheduling and analytics.

VRMS' Webinar Demonstrations are available on request. Contact Mary McDonald, mmcdonald@vrms.com, 203-225-1351.

JON: Like Catalina, VRMS has a very well established program, and it would be easy to not improve the functionality as they have. You can't use the data to improve the customer experience, if you can't get to it. The marketEXPERT XR looks to open the door even wider.

THE BLOOM STORY

Susie McIntosh-Hinson, “Concept Creator” and also in charge of Information Technology at Bloom, told the GEMCON audience about the development of the Bloom concept and how the company is designed to please consumers. The overall theme of Bloom stores is “Hassle-Free Living.”

She said the CEO of Food Lion looked around at how their world had changed: customers with more options and changing preferences; added competition from super centers, dollar stores, club stores and convenience stores; suppliers offering fewer selling/promotional allowances and selling to more channels, causing shifting relative power dynamics; and food-away-from-home substitutes, then realized “we’re still very much the same as we were.” He challenged a 6-person group to develop something new and to have it open in 18 months! The group included a representative from Information Technology (Susie), Operations, Category Management, Marketing, Finance, and a corporate representative from Delhaize Belgium.

Tracking with the emphasis on the consumer that Jon and Janet have been emphasizing, customers were included in every step of the Bloom decision-making process. Initially Food Lion thought they would go after convenience as their dominant concept, but when they discussed this with their customers, the consumers said no—they didn’t want to rush any more than they already rush in their overly stressed lives. What they wanted was a shopping experience that leaves them feeling smart, relaxed, and confident. Interestingly, Susie’s presentation was even hassle-free to listen to. Listening to her, I was more relaxed than at any time during the entire conference!



What Bloom determined they know about the average person, regardless of income, age or gender:

- ◆ They desire solutions that can make their lives easier.
- ◆ They are busy.
- ◆ They’re connected and comfortable with technology.
- ◆ They have more choices than ever but those choices can be overwhelming so consumers will migrate to the ones that are easy.
- ◆ They want to be in control—they want to have it the way they want it, visit by visit.

Customers’ main questions are:

- ◆ Where is it?
- ◆ How do I?
- ◆ What is this and what do I do with it?
- ◆ What goes with this?

Making it easy for them is the Bloom concept. *Much like selling of any product to any consumer or business for that matter—make it easy for me.* Bloom uses a combination of technical and non-technical tactics to accomplish this. Convenience means eliminating the hassles of shopping and minimizing time in the store, particularly at checkout. Interestingly, they learned that when the consumer places the last item in the cart on the belt, they have mentally moved on to the next place. It means helping customers simplify meal decisions and preparation. They have learned that the single most stressful question for consumers five days a week is “What’s for dinner?”

Bloom’s associates are critical to their plan. Bloom’s mandate is “Never take your eyes off your associates. If they’re not behaving in a Bloom-like manner, they’re not Bloom.” The store is set intuitively, taking advantage of product adjacencies such as having milk, eggs, and bacon across the aisle from cereal.

Another Bloom idea is its Table Top Circle, a unique area within the stores that houses Easy Meal Solutions including Boston Market; offers routine items like milk, bread and beer, for sale, and includes a Quick Pay Station so people can get in and out easily.

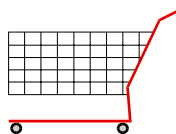


What other technology do they use? Susie said that not everything is leading-edge—it’s just fitting. Basically it’s anything that can help answer what Bloom identified as customers’ main questions. *Can you remember them from the top of the page? Here they are again:* Where is it? How do I? What is this and what do I do with it? What goes with this?

Bloom’s website offers a hassle-free experience that begins before they get there with electronic circulars, shopping list preparation, and pharmacy refill ordering via the Internet.

In-store, Bloom's customer information stations help customers find items and verify prices (the item locator is one of the most popular technologies in the store). Multiple checkout options include self-scan, staffed, and personal scan. Bloom stores have income-generating errand solutions like bill payment, copy/fax, DVD rental machines, and bus tickets. Produce departments have touch-screen PCs that are self-service produce scales. They have kiosks for wine selection, food pairing, and drink recipes, and kiosks for recipes. ShopToCook's recipe kiosk is "by far and large the most popular thing in our store." People were trying to figure out what they could do with what was on sale, and this kiosk allows them to scan in sale meat and fish items and offers recipes for them. *Thank you Susie!*

SCANNING



Systech Retail Systems Corp., better known to us as its dba OPENFIELD Solutions, is now a subsidiary of Torex and will operate as OPENFIELD Solutions. "Congratulations!" to the Openfield team including Dave Shoner, president, and Don Gusse, VP Sales. According to Dave Shoner, "This acquisition provides an opportunity to accelerate OPENFIELD Solution's growth in North America. It immediately improves our balance sheet, and leverages our strategic products through larger distribution channels in North America, and new channels in Europe. We are also pleased that as a result of our becoming a part of the Torex family that we will work more closely with our partners in RSS, a division of Torex."

Openfield is an independent developer and integrator of retail technology, including software, systems and services. Its open architecture solutions enable powerful new technology to be applied in retail environments. OPENFIELD Solution's significant cross-platform capability and considerable POS application experience allow it to address any in-store systems requirement, regardless of project size or scope. Torex Retail is a leading provider of technology solutions to many of the world's top retailers. Since the company's flotation in spring 2004 Torex Retail has achieved rapid growth across all of its markets and has rigorously pursued its goal of becoming the provider of choice. www.torexretail.com

ELECTRONIC PAYMENT



Debitman, the leading electronic payment network for retailer-branded debit cards, announced the closing of an oversubscribed \$3.6 million equity investment round. Over the past year, Debitman has made substantial progress in terms of both retailer and consumer adoption. The funding will allow Debitman to accelerate this momentum and strengthen its competitive position relative to providers of bank issued debit cards.

"Debitman offers a compelling value proposition that has the potential to revolutionize the market for debit cards," said Eric Dunn, new member of Debitman's board of directors. "Retailers can simultaneously cut their costs while enhancing customer loyalty. It's a powerful combination." Debitman is the leading electronic payment network for retailer-branded debit cards. Founded in 2000, the company is privately held and headquartered in Chico, CA. *We strongly suggest that you retailers check this out – Debitman's Doug Mills reviewed some of the numbers with us at GEMCON and the company has a compelling financial proposition.* www.debitman.com

OVERVIEW OF GEMCON'S LAS VEGAS STORE TOURS

Paula Payton, research affiliate of the Oxford Institute of Retail Management, gave a wonderful speech on Wednesday morning about the stores GEMCON attendees visited in Las Vegas. The Store Tours were sponsored by National Payment Card, and included "Tour Books" with store descriptions, maps, and highlights. Many of the GEMCON attendees visited some or all of the stores prior to Paula's speech. Very few supermarkets made the list – Albertsons, Smith's Food & Drug, Wal-Mart Neighborhood and Wild Oats. Other innovative stores were Apple, CVS, Fashion Show Mall, Forum Shops, Fry's Electronics, Harley-Davidson, M&M World, Sears Grand and Washington Mutual.

You can still download a tour book from the GEMCON website, www.gemcon2005.com and click on "Store Tours."

Paula made some great comments about the stores and the Las Vegas retail environment in general. She was so fascinating that I forgot to take many notes, but I'll share some that I managed to jot down.

The number one revenue producer in Las Vegas is Retail. Paula said to the GEMCON audience, "Soon casinos will be your competitors."

She reviewed the Apple store with its highly knowledgeable sales associates and hands-on product demonstrations and mentioned that the number one reason people buy laptops today is weight. She also said it is harder to get a job at an Apple store than to get into Stanford University.

The Fashion Mall has over 1,000 fashion shows each year, with a runway that rises from the mall floor and a multi-media facility that takes 25 technicians to run. The mall has 7 anchors and 200 specialty stores. It has a cloud canopy ten stories high and 500 feet long that at night turns into a giant video screen.

The Forum Shops in Caesar's Palace, *Carlene's personal favorite*, is designed to look like a classical Roman marketplace complete with statues and fountains. It features domed ceilings that create sunrise to sunset every hour – designed to get



people to prolong their shopping trips. The casino rewards its high rollers with extravagant shopping sprees and there are private walkways underneath the shops for celebrities who don't want to be ogled.

The Forum Shops change the store windows based on what consumers are in town, say, when different big prizefighting events are in town. When Oscar de la Hoya is fighting, for example, U.S. Latinos come – and they dress to the nines. With Mike Tyson Vegas gets an international crowd that dresses more casually. Paula said the shops generate \$1400 per square foot, and that animatronics increases traffic in stores by 30% and in restaurants by 40%.

WAMU, Washington Mutual Bank, decided to reach consumers who were ignored by other banks. (Underserved consumers – Wal-Mart did the same thing.) People are greeted by a concierge and tellers are out in the open, not in cages. Ninety-six percent of new bank customers are still there 4 years later.

Playboy Stores showcases in its front windows, mannequins with whimsical bunny heads. The target demographic for the stores is 83% women, exactly the opposite of the target demographic for the magazine which is 83% men.

M&M's World museum, theme park and retail stores is a perfect example of "brand self-adulation." They get their target consumer to identify with M&M color personalities. Those who like red best are 30+ and geniuses; yellow, you're in touch with your inner child; blue is "cool jazz," and green is glamorous, alluring, and sexy. *My favorite color M&M is brown, but Paula never explained what it means. She mentioned, however, that there are deep psychological motivations for color selection.*

Prior to OXIRM, Paula worked for the Retail Industry Leaders Association to spearhead an industry initiative entitled "Future Retail Now: 40 of the World's Best Stores." The report is available from the Retail Industry Leaders Association www.retail-leaders.org. Cost is \$500 for non-members and \$250 for RILA members.

JANET MURPHY, CONTINUED FROM PG. 8

Using your customer promise as the foundation, work collaboratively with your suppliers to do an exceptional job in catering to the needs and aspirations of your customers.

Perhaps the most powerful dots of all to connect are the customer insight you have as a retailer and the formidable product marketing and management capabilities of the CPG companies. Consider Carrie Birth's excellent description and examples of P&G's commitment to life style and life stage marketing in the Baby Care area! Yes, Carrie, there will always be babies. At some level "real pulse" retailing is about this fact. Crucially, though, "real pulse" retailing is also about the fact that baby clubs don't make sense for Marv.

I think the seeming contradiction here suggests the great opportunity: embedding Marv Imus-like customer insight and data-driven decision making... *within both retail and manufacturer organizations...* so that CRM and category management become two complementary sides of a coin.

More importantly, though, what do *you* think?



JANET MURPHY

The Real Pulse of Retailing

The real pulse of Retailing; that's what you get at GEMCON. The words of Accenture's Mike Gorshe still ring in my ears. "The real pulse." What does that actually mean? If GEMCON has it (and presumably not every conference does) what does this tell us about retailing today, and the opportunities that exist?

First, an example. Single-store operator Marvin Imus (Paw-Paw Shopping Center) put his finger on customer-inspired Marketing programs *in his world*: "Forget Baby Clubs!" While some retailers have had great success with Baby Clubs, Marv went on to explain that the demographics of his customers – older empty nesters – would make a baby club ridiculous... Marvin is tuned in to the real pulse of his customers.

Larger retailers, even the most sophisticated, are still grappling with how to build this "real pulse" wisdom into their complex and far-flung organizations. Even more importantly, they're grappling with how to make "real pulse" wisdom *a basis for action that translates into higher sales and profitability*. Typically, Marketing and Merchandising don't even share a common hard-headed notion of what meaningful, actionable groupings of customers there are, to say nothing of how to reach them in the most effective way. What's the road block? It certainly isn't a lack of customer data. Analytical tools and systems support are available too. I'd submit that it's a matter of connecting the dots – dots that are *right here in front of us*.

Here are some "dots" from GEMCON that make for "real pulse" wisdom in action:

Hear your customer's voice (the products customers prefer, how they like to communicate) **through the data that's right under your roof** (Teresa Wetmore of Clemens Family Markets gave us some great examples, as did Ron Bonacci of K-VA-T, Susie McIntosh-Hinson of Bloom, and Mike Myers of Harris Teeter)

Go a step further and follow Deborah Grassi's (formerly Wal-Mart, now Acxiom) advice and **enhance your customer/transaction file with demographic and, more importantly, psychographic, data** that allows you to see *behind* and *beyond* today's purchases. With lifestyle and life stage insight, you can start to see what customers *didn't* buy (but would be likely to), and what they're likely to buy in the future... whether or not it's in your current assortment. What Marv might know from direct contact with customers, you can come to know by using third-party data to enhance your customer file...and there are now very economical and practical ways to do this.

Measure, test, and drive decisions from the facts.

There's no better way to replace guesswork, management bias, and mere power of personality with "real pulse" wisdom than to gear the entire organization toward facing the quantifiable facts that tell you which promotions, assortments, store layouts, etc. really work best. (Concerning store layout to accord with real-world traffic patterns, both Susie McIntosh Hinson of Bloom and Mark Heckman and Herb Sorenson of Sorenson Associates gave powerful examples of driving decisions from data.)

Use data to facilitate creativity, not to restrain it. Between the lines, Paula Payton's (Oxford Institute of Retailing) examples of great Las Vegas retailing showed so well how retail's science can in fact *boost* rather than restrain retail's art. Where better could one see than in Paula's case studies how notoriously high-tech and data-driven retailing dovetails with over-the-top creativity – from The Fashion Show Mall that runs some 2,000 fashion shows per year, to the Apple store with its "Genius Bar" staffed with attentive and learned Apple devotees/employees.

Articulate your customer promise clearly, and use this as the gold standard against which everything you do is judged. Putting the customer first really means envisioning and re-casting your entire organization, and all your business processes, from the customer's point of view. Susie McIntosh-Hinson of Bloom was so eloquent about how her company accomplished this. This principle is nowhere more important than in evaluating how to select and connect the dots among the incredible technology options available.

(continued on page 7)

