

IN-STORE

The Newsletter of In-Store and Internet Marketing & Business

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In keeping with our tradition of *In-Store*, this issue will include a "Pre Markettechnics" conference preview. It's shorter than usual, because we wanted to get it to you early, and I suspect next month's might run a little long as we review what we saw in San Diego. In addition, we'll be sharing observations from NRF's Big Show in New York this January.

NRF's BIG SHOW - X06 Marketplace

The NRF highlighted a good deal of new (as well as not-so-new, if you are a real techno) technology in their X06 Marketplace, "The Store of the Future." It's noteworthy that this year NRF decided to use the grocery retail environment to showcase the store of the future, perhaps signaling a bigger NRF focus on the food industry in the future. Microsoft had a high profile in the exhibit, showcasing many of their retail industry business partners. Let's take a closer look.

The first section within the Store of the Future was full of mobile devices. Mobile POS makes enormous sense from the customer experience point of view. This is clearly not a new idea but, with the systems becoming more durable and affordable, we should start to see a wider use by



"Line buster help get your customers out of line" retailers.

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CARLENE'S CORNER



Markettechnics it looks interesting this year as usual. Unfortunately I'm going to miss it, but Jon Robertson will be there and I encourage you to get to know him. He has a great background in this industry and great ideas for the future. With that

in mind, I decided I should tell you about Jon. He started with a west coast agency, Taylor/Doherty, working with retailer advertising and manufacturer coop dollars. Then he went to ADVO with the program that said to, initially Alpha Beta, what if we mailed your circular instead of you doing ROP advertising in the newspaper? (*Hmm.. I haven't thought of Alpha Beta in a long time. How many degrees of separation do you suppose there are between that and SuperValu/CVS?*) ADVO was the start of grocery retailers using geographically targeted, shared mail to distribute their circulars. ADVO grew to over \$500 million in sales in five years and its main players were grocery, drug and mass merchandisers. Jon

Microsoft business partner InfoLogix has an all-in-one solution, with scanner, card swipe, Wi-Fi and printer. Their handheld device can go beyond the store's wireless network, enabling checkout in the front of the store. Think of a special parking lot promotion, where the customer might easily complete the purchase before entering the store or without returning to the store. The device could also be used in the store for helping customers in the checkout process.

www.infologixsys.com

The systems vendor dubbed it "Mobile Multi-Channel Wish-Listing," but it was easy to see the grocery retailer application. The idea here is that someone you know makes a wish list on the retailer's web-site. Then, using what the vendor calls "wish-listing application synchronizing" (quite a mouthful!) the wish-list is sent to the cell phones of friends and family. OK, what about a grocery retailer site to enable a shopping list to be sent to customers, perhaps even as an in-store reminder? Seems simple and makes a lot of sense!

www.retaligent.com

Next we came to the "remote customer service agent." OK...it's a kiosk. This one, interestingly, includes interactive streaming video. The concept is that the retailer can provide one-to-one personalized assistance from one location to customers everywhere. Good idea. Perhaps this is most relevant to grocery if the retailer has a kiosk and wants to add functionality. www.experticity.com

Mini-Kiosk Recipe center was our next stop as we turned the corner and entered the produce section. The mini-kiosk was presented as mobile technology with the flexibility to move around the store. The value to the customer is in making it easy to find solutions.



Carlene's Corner continued

moved with ADVQ to the east coast and ended up being the VP of national sales for the CPG group. That's where he was when frequent shopper programs got started and came of age. He went back to the agency world with Richard Gray & Associates that was involved with the airline frequent flyer programs, which Jon cross-pollinated and came up with the first consortiums, including Hertz car rental points and Marriott Hotels. Richard Gray also happened to consult with Citicorp POS that was developing a national frequent shopper program but Jon understood fairly quickly that grocery programs needed to be retailer-developed, not nationally coordinated, *and, dare I say, especially not by a company owned by a bank?* Soon after, Jon got into the kiosk world with a company called "Clearing Systems," later to be known as Inter-Act. Early on, Clearing Systems tested a game called the Winner's Circle with Key Foods, with tremendous success. People would scan a card at the kiosk and a "wheel of fortune" started spinning. They won very minimalist prizes: a bagel, or a few shrimp, or a banana, but people liked it and so did the retailers because consumers would buy several bagels when they picked up their free one, or a pound of shrimp or a bunch of bananas. You didn't Buy One to Get one Free, you won it! Also people could win \$10 or \$15 which many people spent on incremental purchases. Jon then came up with the idea of RMG, Relationship Marketing Group, that provided a personalized direct-mailed shopping list based on past purchases that later tied in to retailer systems electronically. Eventually RMG was purchased by Valassis and combined with RMS to be VRMS. Jon then went back into consulting, with Ogden Consultants, and not long ago he and his partner, Janet Murphy, purchased RSC, the GEMCON conference, and this newsletter.

So there's the story. Keep an eye out for Jon at the show - I know he'll be looking for our readers and GEMCON attendees. Take care and I'll talk to you next month! Carlene

X06 Marketplace continued

TreoSystems is a partner of ShoptoCook. Treo uses ShoptoCook's recipe and look up system and installed with their mobile capability.

www.shoptocook.com

and www.treosystems.com

The store of the future had the scale of the future. This scale from Mettler Toledo could make shopping for produce so much easier. Not only will it weigh and print your bar code for easy checkout without the customer needing to find any PLU codes on their own; it will also identify what is on the scale.



Veggie Vision

www.softtechnics.com

If this intelligent scale can't identify the item, it gives the customer an easy-to-use touch screen from which to select one of four choices of what the item might be. The demo was very simple and the speed with which the scale identifies fruits and vegetables may make the shopping experience more interesting and fun. Beyond identifying the produce, the scale will issue a low stock alert to the store manager's wireless PDA, limiting the bad experience of out-of-stock problems.



Are you looking at your customers?

'Segmentation' If you have been working hard to build your customer database, you may have a good idea of your main customer segments. From a marketing perspective you may know what segments are your top targets. But, how about the possibility of identifying and defining customer segments *without* a traditional customer database and without a third party providing data to help illuminate distinctive aspects of customer groups?

Well, I was walking the NRF exhibit floor looking for fresh, new approaches in the areas of customer database, customer segmentation, customer marketing and the like, and I found something I scarcely imagined I could find: "VideoMining." The VideoMining Operations Platform uses what is termed "demographic recognition technologies." The approach facilitates *store-level* segmentation of your customer database in a totally new way. The company's demographic engine automatically and *anonymously* segments shoppers by demographic groups, including gender, ethnicity and age range.

This approach could be combined with data-driven approaches, and permit store-level *validation* of what these latter approaches yield. The retailer could identify the segments by time of day and day of week. This could help retailers measure and track effectiveness of special events and promotions, which all helps to answer the question: Are we targeting our marketing investments to achieve the highest ROI? www.videomining.com

Marketechnics Conference Preview

Following is a brief overview of what we feel are highlights, given our readerships' interests, of FMI's Markettechnics, Jan. 30-Feb. 3, in San Diego. As Carlene has helped you in the past, I'll make some suggestions that you may use to help with planning your conference visit. I'll also give you some idea of what's happening in the March issue of *In-Store* where we plan to find the new and the *relevant* from the Markettechnics conference.

Let's first look at the interesting sessions and workshops:

Monday, January 30

OPENING SESSION SPEAKER

9:00 - 11:30 AM

Frank W. Abagnale, Author, *The Art of the Steal*
 "Prevention is the only viable course of action as the punishment for fraud and the recovery of stolen funds are very rare." We need to learn all we can about protecting our customers' data from vulnerability to fraudulent activities.

9:15 - 10:15 AM

RFID: Lessons From the Real World

Get beyond the hype to the true potential of RFID. Cindy Boyt, Director of Distribution Services and Process Engineering Hannaford Bros. Co.

Or

Store-Specific Merchandising

Find out how a leading retailer is using store-specific planograms and computer-assisted ordering to ensure they have the right products at each of their stores. Kevin Carleton, Director, Retail Automation, Hannaford Bros. Co.

10:30 - 11:30 AM

Make It Exciting! Using Technology to Improve the Customer Experience

It's all about the customer experience this should be very interesting

Dave Couch, Vice President Information Technology Spartan Stores, Inc. and Josh Culhane, Website Administrator Wegmans Food Markets, Inc.

Or

The Payment Landscape: Cash, Credit, or Fingerprint?

This is a very unique use of the cell technology
 Charlie Bougas, Owner Broadway Marketplace

Corporate Insecurity: Your Data Isn't as Safe as You Think!

Identity theft is top of mine for all your customers, again the more we know the better we can handle and protect the data.

Gordon Smith, President & CEO Canaudit, Inc.



Exhibits

240 - Debitman - Network provides retailers the opportunity to dramatically reduce their cost for the acceptance of electronic payments at the point of sale

www.debitman.com

200 - Hypercom - provider of electronic payment solutions that add value at the point-of-sale for consumers, merchants and acquirers

www.hypercom.com

205 - NCR - offers store automation and data warehousing solutions, including hardware and software, consulting and customer support services.

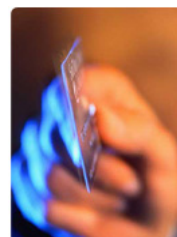
www.ncr.com

305 Park City Group - Patented profit optimizing solutions addressing business needs: perishable item cost/category management, production planning, forecasting, ordering, inventory, labor and workflow management

www.parkcitygroup.com

347 - Gladson - provider of digital product images and product label content. With over 600,000 images, Gladson serves retailers, manufacturers, wholesalers and third-party merchandisers with Image Databases

www.gladson.com



Exhibits

349 - MyWebGrocer.com Connecting the consumer to the grocer's online shopping, order fulfillment, pickup and/or delivery services www.mywebgrocer.com

405 Pay By Touch - patented biometric authentication payment system, allows shoppers to pay for purchases or cash checks with a simple finger scan www.paybytouch.com

505 - Retailix - provides synchronized enterprise-wide software solutions www.retalix.com

617 - National Payment Card provides an alternative form of payment to the retail industry. Retailers can use loyalty cards as Payment cards www.nationalpaymentcard.com

623 - Catalina Marketing - leader in behavior-based marketing solutions whenever and wherever consumer goods and healthcare products are sold www.catalinamarketing.com/

637 - IBM - e-Business on demand can help reduce your food marketing business inventory and transaction costs, transform your customer's experience and better enable your employees www.ibm.com

Pay By Touch sensor



Exhibits

652 - PowerCart - provides battery equipped carts used by retailers for: Mobile POS, In Aisle Sign Printing, In Aisle Mobile Office, Warehouse Barcode/RFID Label Printing and Warehouse Picking carts www.powercart.com

705 - Fujitsu - hardware, software, networking and infrastructure services, fully integrated POS and mobile solutions, loyalty solutions, self-checkout systems www.ftxs.fujitsu.com

852 - ShopToCook - sells interactive kiosk applications designed to deliver meal ideas in the perishable aisle in order to increase product sales and differentiate retailers www.shoptocook.com

902 - StoneHouse - provides card and keytag products and related services used by retailers in loyalty marketing and gift card programs www.stonehousemarketing.com

919 - JDA Software Group - delivering integrated merchandising, POS, analytic and collaborative solutions for the retail demand chain www.jda.com

1000 - BioPay - POS using a biometric solution offers merchants a low cost form of accepting payment www.biopay.com

Exhibits

1011 - PSC - will demonstrate the Magellan, QuickScan, Falcon, and PowerScan lines of bar code scanners, imagers, data collection terminals and RFID terminals
www.pscnet.com

1025 - Galleria - provider of advanced retail cluster, assortment and space optimization solutions. Retail planning product portfolio includes automated cluster, assortment and space planning applications
www.galleria-rts.com

1028 - Arthur Blank & Company - plastic card design to personalization and mailing
www.arthurblank.com

1105 - OPENFIELD Solutions - developer and integrator of in-store solutions. POS application experience allows it to address in-store systems requirement
www.openfieldsolutions.com

1119 - CCISTech, Excentus - fuel site marketing programs, technology and integration services.
www.ccistech.com

1143 - KwikEE - Systems provides FREE access to manufacturer-approved product images, data and related content for use in advertising, e-commerce and planogram applications
www.kwikEEsystems.com

1324 - ScanAps - Digital Promotion Management (DPM) and Interactive Loyalty Card (ILC) system is proven to increase sales, lower promotion costs
www.scanaps.com

1337 - Data Capture Solutions - supplier of bar code scanning products, systems and related equipment
www.datacapturesolutions.com

Exhibits

1340 - Capture Resource - provides program design, implementation, mail processing, application scanning, and much
www.captureresource.com

1345 - MobileLime - allows consumers to make purchases through any mobile phone at participating merchants. Providing faster checkouts and improving customer service
www.mobilelime.com

1426 - Evolution Robotics - visual scanning system for preventing BOB loss. LaneHawk (may not be a very friendly consumer name) automatically detects and identifies the items under the cart and sends their UPC information directly to the POS as part of the transaction.
www.evoretail.com

1431 - Khimetrics - Customer Demand Solutions uniquely combine a single technology framework that addresses the entire product lifecycle -price, promotion, markdown and clearance
www.khimetrics.com

1436 - Biometric Access Company - point-of-sale terminal with modular components, biometric solutions for electronic payments
www.biometricaccess.com

Interactive communication, storage,



display and transmission device

Back Page by Janet Murphy

“CRM,” “Customer Experience,” and “Customer Centricity.” Just a Lot of Hype?

CRM has gotten a great deal of press. The customer experience buzz is building. Few retailers have yet to say they’ve realized substantial bottom-line benefits from new strategies to put the customer first, yet year after year, the enthusiasm continues. What gives here? How frequently in the fiercely competitive world of retailing do we see *any* management strategy, approach, or solution continue in popularity when the measurable benefits are elusive or, at best, long-term.

The CRMretail Study, which Ogden has conducted with the National Retail Federation over the past five years, has demonstrated that **the overwhelming majority of retail executives espouse a customer-focus strategy in the face of largely disappointing actual results to date.** I believe this unusual attitude is due to two things:

1. The fact that customer relationships (or the customer experience, or whatever terminology you might prefer) are the main, if not the *only*, vehicle for retailers to achieve differentiation in a buyers’ market and given the realities of the grocery supply chain
2. The exciting possibility, out there on the horizon, that retailers will link their customer-focus strategies to well-established, best practice process improvement methods that have proved to be highly effective in other industries that have faced comparable challenges in the past.

All those “C-words” aren’t hype. Nor, unfortunately, do they represent robust, systematic management methodologies that ensure that promises of customer delight or customer loyalty can in fact be *delivered* or, delivered *consistently across the organization*. It’s becoming increasingly clear that **process and organizational improvement to truly put the customer first**, in terms of the way retail businesses are planned and managed, **will be necessary to bring customer centricity out of the realm of “just talk.”**

Retailers who link their goals of customer centricity to world class quality improvement methodologies can capitalize on a golden opportunity. Major retailers, from Sears and Federated to Home Depot and Albertson’s, are experimenting with six sigma, a compendium of the best of the Quality Improvement discipline in the minds of many Quality practitioners. The results so far have been mixed, which is unsurprising since the retailers who have ventured into major programs to improve organizational quality are blazing new ground.

On the upside, many benefits can come from linking your CRM initiatives to the improvement of organizational quality. Here, for starters, are just two:

- ◆ Improving customer delight and loyalty *while you contain or even reduce costs* (e.g., by cutting out what’s irrelevant or even damaging from a customer delight and loyalty point of view)
- ◆ Encouraging a spirit of innovation in your organization, yet submitting creative ideas to testing in relation to “what the data really says” and what actually has the greatest positive impact on improving the customer and the *shareholder* experience

I could go on and on. More importantly, what do you think?