

In-Store™

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Jon Robertson,
Managing Director,
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I hope this issue finds everyone healthy and happy. In this issue we are looking at some of the choices customers have in dealing with in-store payments. There are more and more options available. Some are being driven by customer benefits (choice of payment type and convenience) and others deliver value to the retailer (lower transaction cost and easy to implement). Retail's winners are doing both.

NCR Introduces Simultaneous Two-Sided Thermal Printing

Technology cuts paper usage and helps speed shoppers through the store

NCR, the company that made “get a receipt” a byword of virtually every retail transaction, has announced the latest technology innovation to hit the checkout – simultaneous two-sided thermal receipt printing. *What a great idea.*

By printing on both sides of a receipt, retailers can reduce their paper roll receipt needs. The technology also enables fewer paper roll changes, which helps if you are the unlucky shopper waiting for the cashier to add a new roll.

NCR's patented technology opens the door for two-sided printing applications in banking, event ticketing, self-service kiosks and more.

The first new products based on the technology include the industry's only two-sided POS receipt printer, the NCR RealPOST™ 7168, and NCR two-sided thermal receipt paper.

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CARLENE'S CORNER



Dear Readers,
On Thursday, May 4, Kevin Coupe published a blurb about a new Unilever study on Hispanic food shoppers. “.....while Hispanic food shoppers tend to be better prepared for their food shopping trips, retailers

tend not to appreciate them, thinking that bilingual signs and coupons will be enough to cement their loyalty. The result? ‘Hispanics are far less satisfied with their shopping experience than the general market,’ says Mike Twitty, group research manager of shopper insights at Unilever's U.S. unit.”

According to my sources, some people prefer to be referred to as “Latino” (or Latina in the feminine form) - another dimension to the challenge and opportunity of knowing your customer!

Regarding advertising, I came across an interesting little blurb in an online site called Latin_Know: The

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Carlene's Corner - continued

Latino Marketing Report, "Comments and insights on marketing and communications campaigns targeting the US Latino / Hispanic community." www.latin-know.com. (Another useful site, by the way, is www.marketingtohispanics.com)

The information in Latin_Know was in a posting made by Jennifer Woodard Maderazo on March 8 and her comments are insightful. She talked about "a new trend in Latino advertising: a higher sophistication in Latino-targeted ads, especially with regard to humor. Bye-bye to the omniscient grandma and hello to real-life humor -- irony, sarcasm, the bizarre -- for the Latino audience. **Imagine that! Advertisers are finally realizing that Latinos aren't children, deplore clichés as much as the next guy, and like funny stuff just as much as anyone else.**"

Woodard Maderazo made the following challenging observation using a hypothetical Latina named Monica.

"How does one target Latinos? How does a marketer target Monica? Well, they've got to get to know her first. Monica is fully bilingual. She speaks both Spanish and English at the native level. She 'feels' more Latina than anything else, but responds mostly to Gen X American humor à la VH-1 specials and SNL. She treasures her heritage but is completely integrated into American life. She is truly a Mexican-American."

"What does this mean? It means that Monica represents only one segment of the U.S. Latino market. While there are thousands more potential customers who will respond to the same things Monica responds to, there are thousands more who will respond to just the opposite. So, instead of one huge market, we have maybe ten mini-markets within the Latino market."

Oh my – ten mini-markets! It's all related to the "levels of acculturation" that we've talked about in these pages before.

Two-Sided Thermal Printing - continued

"This technology has many exciting applications," said Peter Dorsman, vice president and general manager of NCR's Systemedia Division, a leading provider of printer consumables such as paper rolls, laser cartridges and RFID solutions.

NCR's two-sided printer allows retailers to customize messaging in receipts rather than relying on paper rolls with pre-printed promotions that cannot be changed. Plus, it can print in combinations of black on one side of the receipt with black, red or blue on the other side with no additional cost for the paper or the printer, to attract attention and promote at the customer level.

The NCR RealPOST™ 7168 – along with NCR two-sided thermal paper rolls – will be available for customer shipments in the third quarter of this year.

NCR will debut its two-sided thermal receipt technology at the Food Marketing Institute Show, May 7-9, in Chicago (booth #4048), NCR (www.ncr.com).

Givex and Communitex Announce Gift & Loyalty Kiosk Integration

Givex Corporation, a card management company specializing in stored value transaction processing, and Communitex Inc., a manufacturer of loyalty kiosks, announced the integration of Givex's gift and loyalty programs into the CEK kiosk.

The Communitex wireless kiosk allows customers to register on-site and participate in a variety of loyalty and rewards programs offered by Givex's clients. Consumers can also purchase and add value to gift cards at the kiosk. In addition to real-time transaction processing, Givex's support services, including 24/7 support, online reporting, program administration, card marketing, card production and more, are all available to users of the CEK kiosk system. For more information please visit www.givex.com, www.communitex.com.

CBS and SignStorey Announce Partnership for In-Store Media Network in Grocery Chains

CBS television network will provide customized in-store entertainment to 1,300 grocery stores across the nation. In this exclusive arrangement, CBS programs and personalities will appear in brief, custom-produced informational segments designed for busy shoppers.

This represents the first network partnership in which branded original content will be supplied to SignStorey for use in its in-store media network. CBS original content will include branded segments from CBS Entertainment, CBS News and CBS Sports, as well as from properties offered by CBS Paramount Television and King World.

"The commitment of CBS underscores the market opportunity for in-store media as an effective way to reach consumers and we are excited to have the Number One television network as our partner," said Virginia Cargill, President and CEO of SignStorey.

The SignStorey screens are available at grocery chains nationwide, including Albertsons, Jewel Stores, Shaws, Star Markets, Acme, Price Chopper and Pathmark. The 42" digital screens are located on the perimeter of the stores in high shopping areas, such as produce and deli, where consumers spend considerable amounts of time making selective purchases. For more information please visit www.signstorey.com



A&P to Install DVD Rental Kiosks

As reported in Supermarket News; The Great Atlantic & Pacific Tea Co. will install The New Release automated DVD rental kiosks from TNR Entertainment Corp., Houston, in 30 A&P and Superfresh stores. The A&P kiosk installations, which will be in Maryland, New Jersey, Pennsylvania and Delaware, are scheduled for completion this month. "We look forward to expanding our reach in the Northeast with our newest partner, A&P, as we bring the fun, ease and convenience of automated DVD rentals to their customers," said Tracy Walker, TNR's executive director of sales and marketing.

Harris Teeter has Added Pay By Touch

Harris Teeter has a new and secure way to pay for groceries in Wilmington. The new technology, provided by Pay By Touch, is free to shoppers and allows them to pay for groceries, receive weekly discounts, raise money for local schools, and more - all with a finger scan that is linked to their financial accounts.

"Harris Teeter shoppers lead busy lives with hectic schedules," said Fred Morgenthall, President of Harris Teeter. "We are committed to providing our customers with innovative solutions to help make their lives and shopping experiences faster and more secure. With Pay By Touch, shoppers can leave their wallets and purses behind and quickly pay for groceries with the touch of a finger."

Besides convenience, Pay By Touch provides the ultimate in security. No one - not even the store associate - sees the account number, nor the payment

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Pay By Touch terminal



Harris Teeter - continued

method used to make purchases. No one can access an account without a finger scan and a seven-digit number (usually a phone number). Using patented biometric technology, Pay By Touch scans tiny data points from the finger, which are converted into an algorithm, encrypted and securely stored at IBM data centers.

Shoppers can use Pay By Touch after a one-time sign-up at a special kiosk located in Harris Teeter stores, or online at www.paybytouch.com. Signing up consists of providing identification, a voided check, a VIC card, and a finger scan.

Once enrolled, shoppers can immediately use the method to purchase products at participating Harris Teeter stores. To pay for goods, a shopper simply places his or her finger on a scanner at the cash register. The system then displays the individual's electronic wallet, which contains the payment options available to them. Current options at Harris Teeter include eCheck (a direct debit from an existing checking account). The customer's Harris Teeter VIC card (loyalty card) can also be included in the wallet for automatic awarding of discounts and benefits. For more information, visit, www.harristeeter.com and www.paybytouch.com.

Cape Cod Store Links Frequent Shopper Rewards to Cell Phones

As reported by *Progressive Grocer*, Ring Bros. Marketplace, located in South Dennis, MA, will provide its customers with frequent shopper rewards linked to their cell phones, through the Mobile Rewards Program from Boston-based MobileLime.

Using MobileLime's Mobile Rewards platform, the upscale grocer can send shoppers messages on exclusive member benefits, information-based alerts, and instant savings on items storewide through their mobile phones.

"Shoppers enrolled in our Mobile Rewards program love the fact that they get instant savings without

Cape Cod Store - continued

carrying a card and know right away how much they've saved -- all through their cell phones, which they always carry when they shop," said Ring Bros. co-owner Ed Ring in a statement. "With MobileLime we are now able to communicate with our customers in real time, instilling and rewarding their loyalty by offering exclusive savings and information based on their interests and buying behaviors."

MobileLime eliminates the need for physical loyalty cards by using a shopper's cell phone number as his or her unique identifier. When the cashier enters the member's cell phone number at checkout, the shopper receives instant item-level savings toward purchases. The Ring Bros. Mobile Rewards Program allows members to opt in to receive weekly e-mails, exclusive interest-oriented text messages, event alerts, specials, and weekly savings on a broad assortment selection of products.

Ring Bros. Marketplace Mobile Rewards is free to the consumer. Local shoppers can sign up at the store, and those who enroll in the program will be entered to win a promotional \$100 gift card for Ring Bros. Marketplace. Random drawings will be held every week for four weeks, starting the week of May 1.

Ring Bros. Marketplace consists of seven individually owned specialty shops: Ring Bros. Markets, which specializes in fresh produce, dairy, and grocery products; Harney's Liquors, which provides one of the largest selections of wines and craft brews on Cape Cod; Dark Horse Beef and Deli, which offers all-natural beef, chicken, cheese, and deli products; Spinner's Pizza & Burrito, which prepares fresh gourmet pizzas, burritos, take-home meals, and homemade desserts; Chatham Fish & Lobster, which provides fish, shellfish, and lobster; and Nata's Noodles and Montilio's Express, which feature desserts, freshly made pasta, and prepared gourmet foods.

For more information, visit, www.ringbrosmarketplace.com and www.mobilelime.com

Interview with MobileLime's Bob Wesley

Recently I had the opportunity to speak with Bob Wesley, CEO of MobileLime. First, a brief introduction. Bob has held various senior management positions at American Express, MasterCard International and Cendant Direct Response Group. He has a total understanding of card marketing and loyalty programs.

Jon: How will the consumer benefit from signing up to the service?

Bob: When we developed the product we looked at the consumer landscape. One thing that came rapidly to the top was that American consumers love loyalty programs – when they understand the rewards, of course. In fact 75% of US households are enrolled in some form of loyalty program today. We estimate that the average consumer carries at least three to four key tags or loyalty cards.

So consumers love rewards but, we theorized, they're also probably tired of carrying plastic, and there's certainly an upper limit to how many cards they will want to physically carry. We asked ourselves, given all this, "How can we help the retailer communicate better with the customer? How can we really, *fundamentally* make a difference? How can we actually communicate better and *create a dialogue*."

I frequently ask merchants, "Why do you use your cell phone?" And they say they use their cell phones to call friends or family or business colleagues to exchange some kind of information. And I say, "Do you not consider your *customers* your friends?" And they say, "Yes, of course."

Then, I might ask them, "How many of you have ever *stopped* using your cell phone?" No one ever raises a hand. So I rephrase my question, "How many of you have ever been *shopping* and made a call to get some information?" (As for me, I call my wife all the time and ask what she wants from the store.) They start to see the point.

Another key aspect to the benefits picture: *most card-based loyalty programs in grocery today identify the consumer as part of a household, and not as an individual*. My shopping habits are fundamentally different from my wife's



Ring Bros. Marketplace, located in South Dennis, MA

shopping habits. You want to communicate to *each customer individually* if you're aiming to make each one of them a loyal customer who loves your store.

So, to answer your question, consumers benefit through meaningful, understandable loyalty programs, communicated in a way that integrates well with their lives (the ubiquitous cell phone), and they are communicated with and treated as an *individual*.

Jon: Can you tell us a bit more about the benefits to the retailer?

A world of opportunity opens up because a cell phone number is a *unique ID*, tied to the customer as an individual, *irrespective of where the customer is, or is living*, at a particular time. Think about it. In a vacation area such as Cape Cod, where Ring Bros. is located, you have a combination of residents and non residents. You have one segment of people who are summer dwellers, living at the Cape from Memorial Day to Labor Day, and others who live at the Cape all year round. Among the summer dwellers, there are some who have permanent residences and some who rent. They're all customers of Ring Bros.

So the challenge is this: if you're going to offer a reward-based program, how do you keep on communicating with a person whose address may be changing all the time? And how do you get to them at the *right* time?

I'll give you an example. If a customer typically goes down to the Cape on Thursday or Friday evenings, that might be a meaningful time to remind them that the store hours are a little bit later at Ring Bros. and that some particular offer is on. Ring Bros. saw this. They saw a great opportunity to deliver the right information at the right time, to set their store apart from the competition.

Fujitsu and PayPilot™

Fujitsu and Accelitec, an innovator in RFID-based transaction systems, have formed a strategic alliance to offer contactless transaction systems to retailers, enabling fast, secure and convenient payment methods for consumers.

PayPilot™ integrates directly into merchants' POS systems, enabling them to take control of and lower transaction fees, and increase shopper throughput. PayPilot™ uses secure RFID-based technology to build a relationship between retailers and consumers, regardless of how they choose to pay. Leveraging several Microsoft platforms, including .NET, PayPilot™ enables retailers to establish customized programs and offer shoppers new and more convenient payment methods.

"Contactless payments are reaching the tipping point for widespread adoption in the US," said Jane Cloninger, director, Edgar, Dunn & Company, an independent global financial services and payments consultancy. "Merchant and consumer benefits are driving this growth. PayPilot's focus on the retailer perspective, choice of payment options linked to a single device and marketing tools enhance the value to both merchants and consumers. This enhanced value will accelerate the market acceptance of contactless payments." For more information, please see: www.paypilot.com and us.fujitsu.com/retailing

Right Product, In the Right Quantity, At the Right Time

I recently met with Randy Fields, CEO of the Park City Group and a co-founder of Mrs. Fields Cookies. Park City Group's patented technologies simplify the planning and execution of complex processes down to the store level. According to Randy, it's like "putting the best manager in every store."

The software enables category analysis and item management, in-store forecasting and production planning, computer-aided ordering, perpetual on-hand inventory, and real-time alerts.

It's Timing: 8 AM – Lost Sales



- Problem 1**
Wrong product mix for the day part
- Problem 2**
Too many cookies
- Problem 3**
Not enough breakfast items

Park City Group solutions are designed using concepts that were developed and used with great success at Mrs. Fields Cookies. The application training at the store level takes no more than 20 minutes per individual.

The big idea, of course, is to enhance the customer experience while driving profits. At the store level, the customer finds the products they want...we hope! Out-of-stocks are the number one customer complaint, but as a retailer you may not even know that you are out of stock. You may merely have an unhappy customer or, worse, a lost customer.

Here are some results Park City Group's retailers have achieved:

	Bakery	Deli	Produce
Sales	17.16% (Overall)	4 - 7% (Overall)	+12% (Target Categories)
Shrink	30% (Overall)	--	30% (Target Category)
Margin/Sales Improvement	2 - 4%	3 - 5%	0.5%

As Randy stated, "Technology alone will not produce the optimum result. It must be integrated with the right management practices to produce superior results." Well said, Randy!

For more information about Park City Group, please see: www.parkcitygroup.com

MobileLime - continued

Jon: When I'm down in New Jersey, I may not really want to be communicating in this way with Rings Bros., whereas I would when I'm up at the Cape. Can Ring Bros., or the customer, turn the program on and off?

Bob: We always provide opportunities for people to operate out of different message systems and to take their preferences to their websites. You'll be able to set those preferences for Ring Bros. We brought a great deal of analytical information to this store to help them determine when you like to shop and what sort of things you like to buy so that we can become more responsive in terms of providing you with the information that you'd like to know...when you'd like to know it.

Jon: Do you provide the analytics or the software to make that decision, or is it the retailers system?

Bob: It depends upon the specific nature of the retailer. We have the analytics engine, we offer a rules-based engine, and we have a campaign management engine that can do all three things. There are some larger retailers that have very sophisticated analytics-based engines. And in these cases we integrate with those systems to help deliver the right messaging at the right time to our customers.

We also provide the opportunity for the consumer to extend inquiries and get information. In some stores, for example, they ask their customers to stop by their kiosks to find out what special deals are available for them. We have the ability to give the customer a text message to provide that information right to their phone. That allows the customer to access information at their fingertips. This is implemented with text messaging-based technology.

Jon: Is Ring Brothers going to use the payment aspects of the program?

Bob: In the first stage, they are not. And we made that decision intentionally because we like to get people eased into the program. At a later point,

we'll introduce the payment aspects. We do, by the way, provide many services to merchants in addition to enhancing their rewards programs or providing them with an easy access rewards program. We also provide them with credit card services and offer them the ability to take a look at how much they're paying for their credit card fees and see if they can save.

Jon: Can I designate the payment to either a credit card or my cell phone account?

Bob: It never goes to your cell phone account. The reason is that cell phone companies do not want to be in that sort of business. You have the option to select any of the ways you traditionally pay today; you can select your Visa, MasterCard, American Express, or debit card. You can also use your checking account, basically through a debit transaction. One of the cool features is that you can send someone a gift by charging it to your credit card through your cell phone, and you can designate exactly when they're going to receive it. I've seen everything from 11 o'clock on somebody's birthday to Christmas morning at 10 am.

Jon: How does the mobile payment system work with the other "contactless" payment options retailers and consumers have?

Bob: The mobile system creates a dialogue with the consumer when there is a need. It tells you something about the shopping experience and provides both the consumer and the retailer with information. You can text in and ask someone to contact you now and get information about the product or find the item you are looking for. In this way, mobile is a good complement to the other contactless form factors and possibly a replacement. New technology will enable the phone/PDAs to become contactless payment systems. Again, the consumer will not need to carry an additional card or key tag since all the contactless payment capability will be part of the mobile technology.

For more information, visit, www.mobilelime.com

Carlene's Corner - continued

At the 2004 FMI Advertising and Marketing Conference, two speakers from ADVO provided this definition of acculturation: **“Acculturating means adapting to and adopting characteristics of your dominant home and maintaining cultural contact. As we acculturate, we change.”** This change includes values, amount of time spent with family, how much they cook from scratch, the degree to which shopping is considered a social event and how often they eat out. ADVO suggested that we consider the “percent of life spent in the United States” as a key measurement for targeting Hispanics. One big point – **“Hispanics are not just acculturating to us; we are acculturating to each other.”**

However, lately, with the polarization of people over the immigration issue, we have to be careful. How *does* one target Hispanics without upsetting some customers who don't appreciate seeing or hearing another language? I had a few thoughts. Since every store's customers are different, these are just things to consider as you develop programs to relate in a more relevant and personalized way with *your* unique customers.

- Samples: Cater to people's interest in trying new and wonderful foods. Our local supermarkets frequently offer samples, but I don't see many geared toward Latino dishes and products. Sampling Latino specialties might appeal greatly to your customers, whatever their cultural background. I also think many Latinos might see this as a welcome sign of interest in their culture, which might help to differentiate you from your competition. Sample more than just the expected tacos and burritos and make sure you're offering authentic Mexican or Latin foods. Consider adding items like chiles rellenos, tamales wrapped and steamed in corn husks, carnitas – shredded pork served with fresh avocados, freshly-made salsas. And make sure you coordinate the items available in the produce and meat departments with the sampling. There's nothing worse than a great sampling chef that makes products you can't find in the store, or a produce manager who says, “Yeah, people are mentioning that XYZ that

they're cooking over there. We'll have to make sure we have it in stock next time they do it.”

- Perishables: Put a greater emphasis on produce, fish and meat. Keep in mind the food stores you see in Mexico, with their large and beautifully displayed perishable departments.
- Theater: When you visit stores in Mexico, you see that grocery shopping is a family event. Consider what will entice and delight people of all ages, and add decorations and, most of all, *color* to your stores.
- Use targeted direct mail to send promotions and announcements to Latinos, but observe these rules: Make the mailing pieces bilingual; make them colorful; minimize verbiage; don't send coupons. (Coupons still haven't taken off among Latinos.)
- Identify a few of your best Latino shoppers, and tactfully contact them to come in for a focus group to find out what would make their shopping trips to your store more satisfying. Ask your Latino store-level employees what they think is the best way to approach your top shoppers in order to ask their advice.
- Frequently the best input is obtained *indirectly*. *Understand the lifestyles, attitudes, and aspirations of these valued customers.*
- Assign Spanish-speaking employees to welcome these important customers and engage them in dialogue in your store. Aim to understand what will allow you to connect with them in the best way, in terms of products, merchandising, ambiance, etc.
- Mine your transaction and marketing data so that you can understand better what factors influence buying behavior; study your data to see what patterns exist, and how you can optimize your marketing, merchandising and in-store programs to increase sales and profits.

Hasta luego, que tiene un buen mes! Bye, have a good month! Carlene

CRM and the General Store of Yesteryear

An idealized version of the old-time retailer, and his interactive relationships with customers, creates an inspiring model to push retailing to innovation and excellence today.

CRM's notion of two-way relationships with customers, its pursuit of customer loyalty, its use of techniques such as personalized communications and merchandise customization – all suggest the retailing style of a bygone era. Decades before data warehouses, analytics, and data mining were developed to bring us *back* to one-to-one relationships, the very essence of retailing was in fact managing relationships with customers.

The Myth of the General Store of Yesteryear

The traditional general store exists in our minds as that iconic environment where a wide range of an individual's needs were satisfied in a friendly, personalized manner. At least in the idealized image that resides in our imagination, the Main Street retailer knew each customer by name, and had a *genuine* relationship with each. Of course! In those days, chances were that the customer was your neighbor, your doctor, your cousin, or some other individual in the community with whom you had meaningful ties inside and outside the retailing context. These customers undoubtedly made it clear, in person, when the store's assortments were lacking. They gave feedback on service and quality, and requested items specifically made, cut, or personalized for their unique needs. The relationships were two-way and interactive.

In some ways it seems laughable to even imagine we could develop relationships analogous to these within the context of huge, profit-driven companies today. But the reality is that retailers across the board are investing in new systems, processes, organization structures and staff training – all in the interest of doing just that.

CRM is tied to the most fundamental strategic objectives of retailers today, and in fact to the imperatives for survival – retaining and acquiring

customers, increasing sales, and building customer loyalty. A good indication that retailers see it this way is this: two out of three retailers are forecasting that their technology investments in CRM, “customer centricity,” and other customer relationship-type strategies will be *up* this year – a resounding endorsement of the merit of these strategies even in the face of ongoing concerns about the difficulty of demonstrating their ROI.

Today's retail company - with its huge scale of operations, its multiple channels of interaction with the consumer, and its dependence on technology – diverges greatly from the idealized General Store of Yesteryear. But so did the *actual* general store of America's past. Our image of the General Store of Yesteryear - with the friendly and responsive proprietor who unfailingly anticipated and fulfilled his customers' every need - would not stand up to close scrutiny either. Examination would likely show cracks in the idyllic harmony - conflicting interests and actions on the part of retailer and customer, impatience and dissatisfaction on both sides, and all the ups and downs that go with a retailer's trying to fathom the mind of a customer, however close and interactive the relationship may be.

The Power of the Myth

Is the myth of the General Store of Yesteryear therefore a sham? No, far from it. The idealized image of retailing at its customer-sensitive best has tremendous power. The General Store of Yesteryear transcends both the reality of retailing today, and the reality of retailing in the past. The little retailer on Main Street is the very archetype of the good retailer, in touch with his customers, prepared to meet their every need, and engaged in two-way relationships that spur the retailer to excellence, while encouraging the customer to buy. And that idealized vision of the retailer, and his relationships, create an inspiring model to push retailing to innovation and excellence today.

Looking at the data on how retailers are approaching CRM, it's clear to me that savvy retailers are in fact struggling to return to the simple, brilliant pattern of customer relationships in

The General Store of Yesteryear - continued

the General Store of Yesteryear, albeit on a grand, technology-empowered scale. In the process, we have four major tasks to undertake.

The great benefits of mass retailing have come at the price of customer anonymity, corporate “coldness,” weakened customer-retailer relationships, and now in many cases, at this stage of CRM, costly and risk-prone projects to bring retailing back to its original mission. Retailers are now engaged in the enterprise of addressing these four perhaps inevitable downside consequences of the mass retailing phenomenon itself, and looking to secure a place for themselves in a redefined competitive arena:

- **Rediscovering the Customer (and Your Company).** Large numbers of customers have become in a real sense *anonymous* from a practical standpoint in the modern retail company. And they remain anonymous, despite elaborate measures on the part of many retailers to fix the situation by creating customer images in the collective memories of their computer systems.

What is mission as a retailer, and your vision for the company? Who are your customers, and how should you relate to them? What is your customer value proposition, and how does that translate to measurable goals to drive the organization? Addressing these questions entails recapturing your heritage – your historical connection with your customer – and, in the process, “rediscovering” your customer and your company.

- **Getting *Real***

You then need to subject your vision to the test of the facts. What is it *exactly* that makes you great? What are the *cause and effect relationships* that underlie your relationships with your customers? What are the characteristics of the customers who love you, and who are your advocates? Which programs are most effective with which customer groups? What actually *drives value* in your company? What aspects of your self

conception might be out of synch with reality? You can see this all through meticulous, value-driven analysis of your data...your rich reserves of transaction, marketing, and other data that reside across your organization, and that you can enhance by appending third-party data, seeking and integrating direct customer feedback and other technique to gain insight into customers’ lifestyles, attitudes, and aspirations.

- **Building Retailer-Customer Relationships.**

To communicate effectively with your customers, and serve them consistently and well across the organization, you must *improve processes*. When you decide to break through and rediscover your customer, you adopt a *process* view of the challenge of *improving the customer experience*. Remianing or becoming exceptional in your customer’s eye means continuously improving the processes that deliver the customer experience. Processes at the various touch points where you connect with your customer...sales associate procedures, point-of-sale, customer service, returns, your web site, etc. - all need regular review and maintenance to ensure that the measurable performance targets you’ve set are being attained and, if not, what corrective actions should be taken to bring customer (and shareholder) delight to where you’ve decided it must be.

A program of continuous improvement, with customer delight and value as the uppermost goals, brings an additional huge advantage, one that is crucial in the tight operating environment of retailing: through the concept of “waste” (i.e., “that which is non relevant, or even damaging, to customer satisfaction and delight”), it provides a way to *reconcile strategic customer experience goals with goals for cost containment or reduction*.

- **Embracing Change and the Power of Innovation**

At this point, your company has moved a long way toward becoming customer-centric, and enhancing the customer experience (of end-customers, employees, supply chain partners, shareholders) is

The General Store of Yesteryear - continued

quite simply “the way we do business.” Now the key challenge is not to become statically wed to a new model and, instead, to listen and respond continuously to customer feedback and to internal customer-oriented indicators (*e.g.*, repeat purchase rates, customer acquisition rates, sales and profitability by target customer segment, *etc.*).

At this point, you will have recaptured your heritage, leveraged the best of what you are and have, inspired your organization, and reconnected with your customers to drive innovation and value in your company.

GEMCON, October 9-11, 2006 “The Canyons” Resort, Park City, Utah

Please e-mail us with your thoughts and suggestions about the conference this year! We’re aiming to make 2006 the best GEMCON ever in *your* judgment, so let us know what’s on your mind.

Our goal is nothing less than an *extraordinary program* in an *extraordinary location*. Park City is the home of the Sundance Film Festival and the 2002 Winter Olympics. The Canyons is a fabulous resort hotel, 35 minutes from the Salt Lake City airport, at the foot of the Wasatch Mountains. The hotel features a great set-up for the conference and exhibit hall, economical room rates, good flight options from many cities at quite good rates, good opportunities for the store tour, *etc.*

The overall theme this year is: "Seizing the Extraordinary Opportunity: Building Shareholder Value through Customer-Centric Retailing." Here are some of the topics planned:

1. Status, trends, and new directions in Electronic Marketing, CRM, Customer Centricity, Loyalty
2. Using customer knowledge to drive product assortments, pricing, merchandising, visual merchandising, promotions, advertising, space allocation, store operations, web environments, and more

3. Improving the value of your loyalty and CRM programs through collaboration with suppliers
 4. Implementing effective “personalized” programs on a large scale
 5. Collecting, integrating, and leveraging direct customer feedback
 6. Six Sigma-Inspired Best Practices for Delighting, Retaining, and Acquiring Customers
 7. Continuously improving in-store execution and cross-channel consistency
 8. Implementing Internet-based solutions, including interactive websites - targeted online circulars, shopping lists, recipe generators, real-time consumer research and more
 9. The in-store experience - improving the customer experience and reaching the consumer at the point of decision
 10. Performance measurement in a customer-centric world...
 11. What you should know about protecting your data assets and customer privacy
 12. How social responsibility can mean good business
-and much more! How’s this line-up of topics?
- Please give us your feedback and your ideas about dynamite speakers!
- GEMCON@ogdenconsultants.com
We’ll look forward to hearing from you!

The Grand Summit Hotel at “The Canyons”



Back Page by Janet Murphy



Change is Inevitable, So Embrace It!

Ogden's President, Janet Murphy

Serving customers is what retail is all about. Duh. Then why are so many grocery stores *not* communicating with their customers in a personalized way, and *not* using customer insight to drive decisions about what product to put on the shelves? The reasons are myriad and complex, and beyond the scope of this space, but the imperative is clear: *Move to customer-centric retailing, and collaborate with suppliers, or you may not survive.*

Over time, industries tend to find the shortest distance between two points. Today, paradox abounds, and self-defeating practices proliferate, so change is inevitable. To control over-stocks and out-of-stocks (to say nothing of optimizing sales and profitability), both retailers and CPG companies require far better visibility on demand from meaningful, “trackable” aggregations of customers, yet the implementation of CRM in grocery is still lagging. Personalized customer dialogue and relationship are widely acknowledged by both manufacturers and retailers to be more effective than one-way, mass-oriented media, yet the latter continues to predominate. Pricing and trade promotions need to work hand in hand to optimize to local and individual customer needs and market opportunities, yet pricing is often managed as if promotions didn't even exist. At the same time, trade promotion management and technology seem, ironically, to have taken on a life of their own. To

achieve sustainable advantage, retailers can't compete on price alone, yet promotions continue to fuel sales in most companies. The majority of retailers today strongly support the logic of a customer-focus business strategy, yet many hold back on their initiatives not knowing precisely where to start.

Amidst all this paradox, necessary and often obvious process and organizational changes remain untackled. Meanwhile, the legendary pressures of retailing keep retailer attention riveted on this coming Saturday, or the holiday just around the corner. Many are understandably fearful of the risks of investing in change, especially given the debatable success of loyalty and CRM in grocery to date, and the difficulty of demonstrating ROI for customer-centricity initiatives.

All this said, there's no alternative. The customer centricity horse is out of the barn. Make collaboration with CPG companies a priority. And understand that that the companies that navigate these particularly dangerous waters in a skillful way over the next few years will tend to dominate the industry for a long time.

Transformational change is in process, and inevitable, across the supply chain. Collaboration with suppliers is *essential* with respect to all the processes connecting retailers and CPGs, including forecasting, replenishment, promotions and new product planning - and also the crucial disciplines of customer segmentation, analytics, marketing effectiveness testing, and customer acquisition and retention – so that hard-won customer insight can at last be leveraged to move the industry to a whole new level.

I could go on and on. More importantly, what do you think? I'd love to hear from you at

JMurphy@ogdenconsultants.com! Janet

IN-STORE Newsletter can be ordered for \$295 for twelve monthly issues by contacting: Ogden RSC, 28 Wetmore Avenue, Morristown, NJ 07960 – call 203-395-4339 or Email: jrobertson@ogdenconsultants.com
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