

In-Store

The Newsletter of In-Store Marketing & Business
November 2005

TM



DEAR READER:

This will be the last In-Store that I will write all by myself (except of course, as you probably guessed, I never had much control over the Back Page!) Next month, Jon

Robertson and Janet Murphy of Ogden will be taking over the primary spots. We are all really happy with the fact that Ogden has acquired our company and all of its facets, including Retail Systems Consulting, In-Store, the CBM Report and GEMCON. I will still be around and active, so you'll be seeing me on these pages. I do, however, plan to update the picture soon. You might find me looking even more relaxed!

Speaking of the Back Page, this is Barry's last one (or so he claims) and he took the opportunity to say what he likes and really dislikes about the Electronic Marketing industry. He's pursuing his new career with VIP Realty, but I have a feeling he's going to need to rant about something in the future, so I wouldn't be surprised to see him back on these pages every once in a while.

The 14th GEMCON was great. We really want to thank our sponsors: Dimensions Communication Network (ex-Betacorp); comScore, Catalina Marketing, MobileLime, Capture Resource, Accenture, Morningnewsbeat, Web-stop.com, POSNet, ScanAps, CONNECT3, and National Payment Card and all the wonderful speakers who helped us make the conference what it was.

Kevin Coupe, founder and "content guy" of Morning-NewsBeat.com, did a great GEMCON job as usual playing the triple role of speaker, interactive discussion facilitator and news provider. He had just flown in from the CIES conference in Barcelona and not only stayed awake but kept us awake with his stimulating participation. He gave a very interesting overview of Generational Marketing to start off the conference. If you don't get his excellent (and free) online newsletter, sign up now. www.morningnewsbeat.com, or kc@kevincoupe.com.

And now I'd like to introduce JON ROBERTSON (my new boss!) who is a husband, father, grandfather, sail boat racer, dog lover (with two dogs), long-time customer-focus fanatic...and the new head of Ogden RSC so, without further ado, let me turn this over to:



JON ROBERTSON PRESIDENT, OGDEN RSC

I've been working in the retailer and database marketing world most of my life, and so I have the pleasure of already knowing many of you. As we meet again, and now that the concept of customer-focus is ready to take off, I'd like to share some reminiscences about how that concept has been building over the years. As Pam Massenburg, Ogden's Customer-Inspired Merchandising Chair, puts it, "There's never, never been a more exciting time in the retail industry!"

Highlights In This Issue

GEM AWARDS:

| | |
|--------------------|-----|
| TIDYMAN'S | 3,4 |
| AWG | 4,5 |
| CIRCULAR LOGIC | 5 |
| HARRIS TEETER | 5 |
| CATALINA | 6 |
| AL LEES, JR. AWARD | 6 |

| | |
|-------------------|-----|
| JON ROBERTSON | 1,2 |
| FS STATISTICS | 3 |
| CLEMENS BABY CLUB | 7 |
| JICC RSS UPDATE | 7 |
| BARRY'S BACK PAGE | 8 |
| JANET MURPHY | 9 |

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Back in my ADVO days, I watched grocery retailers change their advertising and distribution methods.

When I started there, it was becoming increasingly clear that this was a great idea: enable grocery retailers to target individual households around their stores. Before ADVO, the only choice was newspaper distribution, which could at the very best reach only about one-third of the retailer’s customers. In Darwinian fashion, the most effective distribution (that geared to the individual customer) won out, and today ADVO distributes the majority of all retailer circulars.

Smart retailers are now taking targeting to a much deeper level, and this will continue to grow via the Internet. Prediction: someday soon, retailers’ increasingly sophisticated use of the Internet will dwarf the impact of the switch from newspaper to ADVO-like shared mail.

In the meantime, card-based marketing hit the scene, outside retail initially,

with the airlines’ frequent flyer programs. Some of us saw up-close, and worked to put together, the first airline, hotel and rental car consortiums. Boy was that a good idea! And one that’s completely underexploited in the retail industry even to this day. On the theory that the best, most customer-focused techniques will win out, my prediction is that we’ll see variable retailer shopper card-based consortiums coming to the scene in the near future. The idea makes a lot of sense: non-competing retailers joining forces to delight the customer, and in the process, fortifying themselves better to compete based on serving the customer better, not just on price.



Kiosks came along as another approach to cater to the individual customer, and there were bumps along the way.

Interestingly, Dimensions Communication Network (formerly BetaCorp) generated a lot of interest at GEMCON 2005 with its interactive customer terminals, complete with three-dimensional depictions of products and ads via holograms. Maybe now the time is right. Might we be entering into the era of the kiosk?



The consensus of the GEMCON participants seemed to be that, now that the technology is shaken out, it all comes down to the applications and the extent to which applications can truly respond to *not customers in general*, but *your* customers and *your customer promise*.

This message also came through loud and clear through-out GEMCON, especially during an animated discussion on the merits of Internet grocery shopping. In the end, it’s really not just about the merits of the technology or the technique; it’s about *the way the attributes of the technology or technique fit into your customer value proposition*.

Relationship Marketing Group (RMG) brought us another milestone (*although maybe as its founder and previous president, I’m a little biased!*)

RMG used shopper card data to develop customized shopping lists for top shoppers in retailers’ card programs. This notion of gearing more effort and dollars to your *best customers*, however you define “best,” is a well-established principle of CRM and one of the keys to increasing the ROI of relationship programs.

We heard in the dynamic line-up of GEMCON speakers greater emphasis than ever on mining the data to figure out who your best customers are and developing not only targeted marketing campaigns, but also other relationship programs to build best-customer loyalty.

Another theme I’ll throw out for your consideration is this: more general merchandise in grocery stores.

We’ll see more and more interest concerning what’s going on outside grocery, and more and more development of general merchandise categories in grocery stores. Why? It again comes back to customer-focus. If the goal is to serve a broad range of needs for individual good customers rather than pushing out as much product as possible to a mass market, the dividing line between food and non-food becomes increasingly arbitrary. In some ways, it’s back to the future: personalized relationships within something a little like the old general store.

At GEMCON, Susie McIntosh-Hinson of Bloom described her famously customer-focused company like this, “Bloom is the brand of grocery store that provides a sensible, uncomplicated, hassle-free shopping experience that leaves shoppers feeling smart, relaxed and confident.” We can all take notes from Bloom, which is delighting its customers with a great experience and its shareholders with a competitive scenario where price is just one component within a robust win-win value proposition.

See you in the (near) FUTURE! Now let’s get on with an overview of GEMCON 2005.

CARD-BASED MARKETING STATS

Based on Ogden RSC's Card-based Marketing Report, there are **13,525 supermarkets with card-based frequent shopper programs, DOWN 230 stores from last year, but the ACV% (calculated by TDLinx) has not changed and remains at 47.6%.**



GLOBAL ELECTRONIC MARKETING AWARDS

Mike Gorshe of Accenture was once again the GEM Award sponsor. Mike is executive director, retail and consumer packaged goods for Accenture. He and GEMCON go back to the very beginning in 1992. Mike was the very first GEMCON keynote speaker, and for several years hosted the GEMCON cocktail reception at SmartStore in Chicago. Then, in 1996, when Carlene came up with the idea of giving GEM Awards, Mike stepped up and offered to be the sponsor. Accenture has been the sponsor ever since! The GEM Awards recognize excellence in electronic marketing. This year we presented awards to the best Independent Retailer; best Wholesaler; best System & Program Vendor, and best Chain Retailer. We also had two special awards this year for Excellence over Time.

INDEPENDENT RETAILER GEM AWARD—TIDYMAN'S

The 2005 winner of the **Independent Retailer GEM Award was Tidyman's**, based in Spokane, Washington. Tidyman's is an employee-owned supermarket retailer with 12 stores in Montana, Northern Idaho and Eastern Washington. Alex Plummer, VP Marketing of Tidyman's and Andy Ruff of S&H designed Tidyman's highly successful **Crazy Prices program**. Crazy Prices is new way to use a point-based card program that allows a retailer to both sell key items for less than the marketplace cost leader and provide a powerful reason to customers to aggregate more of their spending with Tidyman's.

With the Crazy Prices program Tidyman's offers to its regular customers items such as a dozen eggs for 9¢; bananas for 9¢ lb; a gallon of milk for 99¢; any brand of 12-pack soft drinks (eg, Coke, Pepsi) for 99¢; large Tide Detergent for \$3.99; and Huggies Jumbo packs for \$3.99. they do it using their points-based loyalty program.

Tidyman's gives 10 points on every \$1 of total spending together with bonus points on various higher-margin products (for example, avocados) around their stores. It's obvious that regular customers who do most of their shopping at Tidyman's quickly earn a lot of points. And the most popular option customers choose in redeeming their points is on these crazily priced items.

A specified number of greenpoints is required to buy each Crazy item at its absurd price. For example, to buy bananas at 9¢ lb or Huggies at \$3.99, a customer needs to redeem 500 or 900 points, respectively, out of their accumulated points balance. Tidyman's uses the S&H Greenpoints online system that allows customers to apply their points automatically and to know their up-to-the-moment point balance when checking out.

As Brian Woolf, one of the leading electronic marketing experts in the industry, explained it, the program gives companies who compete against Big Box discounters an opportunity to successfully **neutralize or minimize its price gap perception**. Crazy Pricing, which Brian calls "Access Pricing," gives regular customers distinct, real, tangible, and memorable value which, in turn, changes the price gap perception between retailers and the discount grocers. The program also puts **golden handcuffs** on a retailer's best customers and provides an attractive incentive to lower spending customers to aggregate their spending with a given retailer.

And it provides rewards based upon customers' spending, with a skewed bias in favor of regular customers as opposed to convenience shoppers. This is done by giving **disproportionate value** to the heavier spenders, those who provide the bulk of your profits. Tidyman's management also applies different point values per \$1 of markdown across their Crazy Price offering which means there is no fixed value per point in customers' eyes.

Two other elements of the Tidyman's program that we were really impressed with are their Checkout and Playing Cards programs, both of which are administered by store-level employees. The first one involves the checkout clerks. Most retailers have their cashiers ask customers, 'Do you have a customer card?' Tidyman's have replaced that question with a much better one. **Their cashiers ask one of two questions: 1) Are you collecting greenpoints? Or 2) "Would you like your eggs for 9 cents?"**

The other program was dreamed up by Alex Plummer, the VP of Sales & Marketing at Tidyman's, who developed a deck of **"playing cards"**. **The back of each card has the words "Grab more green!"** There are just three different face cards. They say: *Get double; triple; or quadruple points ... on your order today.* Whenever managers want to add fun, excitement, and value to customers' shopping trips, they walk around the store and invite customers to "draw a card." When checking out, the customer presents the *grab more green!* card and the points they earn on the order are automatically multiplied. The programs are supported by excellent television commercials that we showed at GEMCON, also.

Brian Woolf said, "Tidyman's Rewards achieves the highest share of sales captured by a points-only retailer loyalty program that I've ever seen - anywhere in the world!" That's an award winning statement if you ask me. The award was received by Alex Plummer, VP Marketing, Tidyman's and Andy Ruff, Director National Accounts with S&H Solutions. See www.brianwoolf.com for two detailed articles on this program.

WHOLESALE GEM AWARD



The GEM Award for the best wholesaler this year went to Associated Wholesale Grocers, who has won this award twice before. They truly offer world class support for their retailers. This year they won for their commitment to the principles of CRM. Wholesalers actually have to think of CRM in two different ways: One, the commitment the wholesaler's retailers make to their consumers ---- and two, the commitment to CRM that the wholesaler makes to *its retailers* who are the *wholesaler's* customers. One of the things AWG has effectively developed is programs that independent retailers and retail groups (big or small) can effectively utilize regardless of their size.

For the past two years, the AWG team has been redesigning its database program to help its retailers practice CRM to one of the highest levels in the industry. It started when VRMS discontinued support for its MarketExpert 5.0 version of their software when VRMS launched the MarketExpert XR product. AWG saw it as a big opportunity for them to enhance their service to their retailers.

They started with what they had which was basic TLOG collection storage and analysis. To this they added a "wish list" gathered from AWG's internal database users and their retail database users. *Carlene note: Having worked for SuperValu, I can appreciate the challenges wholesalers face, and those of you who are practitioners understand how difficult it is to support a large group of independent retailers and retail groups, big and small, with different banners, different programs and POS systems. Even within the same POS type, each store had different tender types and departments.*

The new AWG database has the ability to analyze customer data by payment type – credit versus check versus WIC, etc. – AWG implemented a tender type conversion through the normalizers and parameter files for each store. They added the ability to get discounts to report as discounts and switched to "net" vs "gross" reporting by having the normalizers and parameter files rewritten for each store. Then they added the ability to have separate data levels and associated security levels for store versus owner or company, versus banner group versus all data.

In the end they had to have a custom version of the XR software written just for them to accomplish this. Plus they put in targeting by profitability – AWG can now load a cost file for each store. And an easier way to build product groups of whole categories – They now have and maintain a department, category and sub-category hierarchy in the AWG database. Another addition was an easier way to analyze PLUs and system 2 UPC random weight items. Previously, AWG retailers were working with individual PLU assignments and there was no consistency among stores. Utilizing the FMI published standards, AWG implemented and now maintains standardized PLUs and System 2 UPCs in the database and has published the list so stores can convert to the industry standard.

As with any endeavor of this magnitude, the time frame and scope of this project continually surprised the AWG non-technical people. As AWG's Jean Melech, corporate manager of in-store and database marketing, put it, "Just as we thought we saw the proverbial light at the end of the tunnel we realized it really was an oncoming train! Our patience and the patience of our retailers, our internal users and VRMS was bent, stretched and tied in knots over and over again."

But AWG's custom XR database, inclusive of all the bells and whistles, was worth the efforts. **AWG is a great example of a company that knows that you can't just install a CRM system that works for your company; you have to build it for how your company works!** The GEM Award for the best wholesaler of 2005 is Associated Wholesale Grocers was received by the AWG "Team," including Rick Haberland, Bobbie Killeen, Christina Owen, Jeff Toft, Rex Worboys and Jean Melech.

SYSTEM & PROGRAM VENDOR

This year's winner in the system & program vendor category was Circular Logic. Circular Logic delivers personalized versions of a retailer's weekly ad directly to the email in-boxes of their loyalty card customers.



Ken Wyker, founder and CEO of Circular Logic and Mike Myers, VIC database/E-commerce manager for Harris Teeter, gave a presentation about this system earlier in the GEMCON program. It includes Targeted Email, an entirely personalized web site for each customer featuring ALL of the relevant items from that week's ad based on the customer's shopping history, and access to the complete online ad that allows the customer to create a shopping list.

The program addresses the two most significant costs involved in target marketing... the costs of communicating individually with each customer, and the costs of the incentive provided to the customer. The Circular Logic program leverages existing weekly ad specials as a resource for creating effective customer incentives *at no additional cost*. This is a crucial element of the program and required the development of a complex prioritization algorithm to create the level of personalization necessary to motivate shoppers to make incremental store visits.

Circular Logic is able to generate continuing promotional support because it is built around the retailer's existing weekly ad and does not require any involvement or funding from manufacturers. The recipient of the 2005 Vendor GEM Award was Ken Wyker, president and founder of Circular Logic.

CHAIN GROCERY RETAILER GEM AWARD



The GEM Award for the best chain retailer in 2005 was awarded to

Harris Teeter. Betsy Tucker gave an in-depth presentation about Harris Teeter's impressive program at the end of the conference, including "show & tell" of collateral, targeted direct mail pieces, targeted email and a "picnic trolley" prize she won through the program! The trolley program was advertised this past summer in the circular, in the store, and on television. Targeted messaging on the receipt tape also gave her the rules and her status: Picnic Trolley Week 13 of 16. Spend \$40 in 13 of 16 weeks. # of weeks qualified =11 and # of weeks remaining =3. When she won, the receipt tape said: "CONGRATULATIONS: TAKE YOUR VIC CARD TO CUST SERVICE THRU 8/30/05 TO GET YOUR FREE PICNIC TROLLEY."

Harris Teeter runs an INTEGRATED CRM program based on its VIC (Very Important Customer) card. It includes general mass marketing plus customer-specific targeted in-store, direct mail, Internet, and event marketing activities. In addition to standard frequent shopper promotions such as instant discounts, Harris Teeter rewards its customers in-store with sequential continuity programs based on overall purchases and at the same time offers targeted club continuity programs based on category or brand purchases. The VIC program is core to all Harris Teeter marketing programs including a Together in Education program and the Internet "e-VIC" program.

Harris Teeter excels at using customer-specific data to design programs and communicate to individuals in-store at the register, through direct mail (including samples), and over the Internet with targeted circulars – the program is based on purchase behavior and targeted surveys the company uses to learn more about customers. Customer communications reinforce the marketing message each time. The company speaks with one voice in every medium, yet tailors the communication to fit the media type. And, one of the things that is high on our list – Harris Teeter involves CPG manufacturers in its programs. As an example, consumers are automatically enrolled in category and brand clubs based on purchase behavior. Their membership in these groups is communicated via register receipts. Mike Myers from Harris Teeter accepted the award.

CATALINA MARKETING—VENDOR GEM AWARD FOR EXCELLENCE OVER TIME

One of the things we have recognized over the years is the importance of the electronic marketing vendors in advancing the industry. They have an “economic imperative” to do so. It’s how they make money. That’s why you’ve often seen Carlene draw a triangle when talking about the people who are part of electronic marketing – vendors, retailers, and manufacturers, all working to use technology to better serve consumers.

The electronic marketing environment is one of the most difficult. A book that Carlene and John Karolefski wrote a few years back, *Target 2000, The Rising Tide of TechnoMarketing*, had a chapter called ‘Bleached Bones.’ The title was based on a quote by Bill Penwell that said, “The Electronic Marketing highway is littered with the bleached bones of companies that have tried to make it in this competitive business.” Several of the companies in the book spent over \$200 million dollars before going out of business!

One of the companies that managed to stay in business and that has been responsible for much of the innovation in the industry is Catalina Marketing. In Las Vegas terms, one of the things they did that helped them not only stay in business but to do it profitably, was “Know when to hold ‘em, know when to fold ‘em and know when to walk away.”

Tommy Greer, a very good friend of many of ours who passed away last year, was for many years the CEO of Catalina, and was one of the best at knowing how to succeed in this challenging business. He is missed.

Catalina Marketing started in the 1980s with an idea generated by a group of friends on a picnic on Catalina Island off the coast of California. They would develop a system that generated a coupon at the checkout in response to what a customer purchased. Since that time, in addition to not only staying in business but remaining profitable in this, shall we say, “challenging” industry, Catalina has developed a long list of industry “firsts.” In 1982 they were the 1st to offer behavior-based electronic promotions. In 1989 they began basing promotions on historical purchase behavior. 1993 was Catalina’s first installation in the UK, the start of expanding or introducing the use of coupons in several international countries.



In 1994 they began syndicated direct mail using behavior-based targeting. In 1996 they were the first to target patients based on prescription behavior; in 1997 they became a Frequent Shopper loyalty program provider; and in 2000 they were the first to combine individual attitudinal & behavioral data.

Note from Carlene: Over the years, they have supported activities in the industry, including our In-Store newsletter and this conference. In the early years, before GEM-CON even had its name, Catalina and Accenture in the form of Mike Gorshe, were our only support. They both did it for the same reason we did – it needed to be done.

Catalina was one of the early companies to attempt Electronic Coupon Clearing and gave the industry the study that was done on the Extended 128 code that showed it would work. *As a side note, I remembered recently that Betsy Tucker and I wrote the original FMI document on Coupon Scanning ---- and one of the early documents on Quick Pay, an interim step to electronic clearing, was written by Ogden’s Janet Murphy!*

Catalina’s businesses today include targeting based on both transactional and historical data. There is a long list of things we could have covered about Catalina but we only had a limited amount of time! The Catalina Marketing GEM Award for Vendor Excellence over Time was accepted by Eric Williams, Marcus Athari, and Bobby Thompson.

AL LEES JR. AWARD FOR EXCELLENCE OVER TIME

Once again we honored our friend Al Lees who passed away last year by awarding the Al Lees Jr. Award for Excellence Over Time. *We replayed the slides and recorded audio Barry put together last year and once again, there wasn’t a dry eye in the house!* **Jon Robertson and Mike Gorshe gave the Al Lees, Jr. award to Betsy Tucker, Barry Kotek and Carlene Thissen!**



Note from Carlene: It was very exciting and very much appreciated. Thank you!

GEMCON SPEECH—ONE OF SEVERAL WE WILL COVER IN IN-STORE

Teresa Wetmore, director of marketing information for Clemens Family Markets, gave a speech called “The Power of Loyalty Data: from CRM to Circulars.” Clemens has 20 stores including 3 specialty/gourmet stores and 2 SAVE-A-LOTS and is the largest family owned business serving the suburban Philadelphia and is “all about families and serving the community.” Teresa talked about Clemens’ Baby Club, an American Greetings Club, circular distribution analysis and front-page analysis. *This issue we’re only going to talk about the Baby Club and the others in December.*

Clemens started its “First Steps” Baby Club because of the highly competitive nature of the baby category (products are available at supermarkets, drugstores, discounts, warehouse, specialty stores, etc.) and because Baby Clubs provide the opportunity to build lasting relationships with growing families. All of Teresa’s slides reflected this focus and included pictures of three generations of Teresa’s own family.

Baby Club Rewards include the following:

- ◆ FREE \$10 Baby Rewards Coupon every time consumers reach \$100 in baby purchases. The coupon is redeemable for anything in the store; Clemens sees it as a reward for the family or mother and suggests redeeming it for things like flowers, candy, or dinner that night so they don’t have to cook.
- ◆ “1st Birthday Rewards” where Clemens gives a free birthday cake for the child’s first birthday.
- ◆ Monthly Trivia Contest with 2 winners per store, per month, and the winners get \$25 Clemens gift certificates. The trivia questions are printed on the POS printer and customers have to sign it and fill in their phone number. *(This was also suggested in a later speech by Marvin Imus. Having the customer fill in information makes them more conscious of the contest and more involved in the promotion.)*

Teresa shared some of the impressive results from the program: 9% of members participate, 87% are in the top three levels of customers, and Rewards Coupons have a 60% redemption rate. Since the program started they have seen a 24% increase in members, a 16% increase in members in the top three levels and a **30% increase in baby product sales since the start of the program.**

Just for fun, Teresa shared some of the Trivia questions with the audience. (See bottom of page for answers).

- 1) Adult humans have 206 bones. How many bones are babies born with?
- 2) What was the most popular name for baby girls in the U.S. in 2004?
- 3) What was the most popular name for baby boys?
- 4) What month has the most birthdays in the U.S.?
- 5) What sense do babies first fully develop?
- 6) True or false: babies are born without kneecaps?

JICC COUPON RSS UPDATE

Retailers will benefit from the use of Reduced Space Symbology (RSS) barcodes on coupons because of less manual intervention at checkout and expedited reimbursement through improved data accuracy. Manufacturers will benefit from the increased effectiveness of complex coupon promotions and increased consumer compliance with the terms of the promotions. Both will benefit from less fraud and misredemptions. *That was the bottom line of a new report from the Joint Industry Coupon Committee (JICC) Re-Engineering Task Force on the cost benefit analysis for the use at retail of RSS on coupons. John Karolefski covered the conference for us and we’ll have more on this in the next issue, too.*

According to the report, some 22 million misredeemed coupons have no related product purchase, and nearly 8 million do not satisfy quantity requirements. This adds up to 30 million items not sold. The lost sales amount to \$64 million for retailers and \$48 million for manufacturers. In addition, retailers that check expiration dates visually on manufacturer coupons would save \$14 million per year when RSS barcodes are adopted.

The report also explained the broader context for RSS at retail. It would include using RSS barcodes in the pharmacy and in produce and meat. RSS would address many product identification issues. As for coupons, the move to RSS barcodes is part of a larger industry initiative to re-design coupons. The re-engineering process is lengthy and provides challenges for retailers and manufacturers.

Answers to Baby Questions: 1) 270 2) Emily 3) Jacob 4) August 5) hearing 6) true.



BARRY'S BACK PAGE

This is my last Back Page and, unlike Carlene, I do not expect to be around too much—that is, except to sell you real estate in southwest Florida. And, of course, for an occasional rant after I visit a retail store that somehow manages to upset me!

By now I'm sure you have heard that Ogden Associates has purchased Retail Systems Consulting and that I'm off on a new real estate career. I have always had an interest in buying and selling property and was going to do it for myself but when I started working for some friends it became a full time job. Full time for me still includes four rounds of golf a week.

Over the years of writing this Back Page I have had the opportunity to mouth off on many topics...some controversial, some educational, and some just plain old ranting at the industry. For my last Back Page I've decided to give you some thoughts about what I like and I dislike about the industry...please don't take offense about the dislikes...just find a way to fix them.

First of all I must say that for the most part I really like the folks in the industry (particularly those that have attended past GEMCONs). At GEMCON the attendees are like family and come to the conference to learn from others and have a real good time doing that.

Now, on the dislike side I have to say there are still some retailers and manufacturers out there that think that they are a God. Trust me you are not, and you are not half as smart as you think you are. Start treating others with respect because we have seen even the biggest companies fail or have cut backs and you will have to face those that you once felt superior to and it won't be fun.

I like that some retailers are finally figuring out the power of customer specific data, but there are still too many that haven't got a clue.

I truly believe that using customer specific data is the best way to fight Wal-Mart and stay alive. There are tools and consultants out there that will help you figure it out and they are worth what they charge.

I dislike the fact that manufacturers are still attempting to appease Wall Street and their boards of directors by having end of the quarter fire sales. I thought by now top management would get a clue and change the old volume incentive plans. On the other hand I like the way some of the top manufacturers are trying to work closely with even regional retailers to find win-win sales strategies. It's time to grow up and get over adversarial relationships.

And speaking of things that need to change...it is time for retailers to find ways to make money selling groceries. That means stopping the endless demands for incremental trade and consumer dollars. Also it means spending your own money on technology and customer service items that your customers will like.

Vendors, I think you should stop coming in with technologies that you give away and then pay the retailer for taking them! And please spend some time in a store before thinking up the next great couponing or marketing idea. Customers hate grocery shopping and the gadget you just spent several million on sometimes doesn't make it any better.

Finally, I think that it is time for retailers to pay more and hire folks that can think and act for themselves. I know margins are thin so you think you have to underpay store personnel and limit their decision-making. But there are retailers out there that get that having sharp empowered personnel actually creates a customer service environment.

Well I'm sure I could rant a whole lot more but it is time to move on, and I'm not even going to ask "What do you think?" I'm going to leave that for Janet on the new last page, which is already here in this issue.

I really enjoyed the time that I spent with you and hope that if you are ever visiting SW Florida that you will look us up and stop by for a drink. I wish you all the best and hope that you have much luck in the future!





**JANET
MURPHY,**
PRESIDENT,
OGDEN ASSOCIATES

THOUGHTS ON GEMCON

What struck me most about GEMCON 2005 was the extent to which the “customer first” message played out through all the speakers and exhibits. So much lip service is paid to “customer centricity” in the larger world of retailing today. GEMCON was all about real world examples of, and practical ways to,

- ◆ Achieve differentiation by knowing the heart of your customer
- ◆ Cater to your customer in exceptional ways
- ◆ Train employees so they understand and live out your customer promise
- ◆ Live “customer first” from the inside of your company out

GEMCON is no dry and formal conference. In the words of Mike Gorshe of Accenture, “At GEMCON, you can feel the real pulse of retailing” and the pulse last week was clearly all about the customer. It’s far beyond, yet a natural evolution from, the Global Electronic Marketing that makes up the “GEM” in GEMCON. Yes, technologies to enhance customer marketing do grace the exhibit area and form a key part of the conference’s content, but, over the past fourteen years, the GEMCON community has evolved to embrace, in a very concrete, practical and helpful way, the whole realm of “customer centricity.”

There’s a hands-on, no nonsense aspect to GEMCON. It’s the genuine article, the real thing. And it’s closer to a “community” than a mere “conference” - a community of retailers, manufacturers, technology and service providers, consultants, researchers, and members of the media all similarly impassioned about business strategies and technology to “put the customer first.”

Consider Susie McIntosh-Hinson’s smooth, end-to-end tale of how Bloom, a Food Lion Company, came to be. Susie painted a vivid and inspiring picture of how the project team drove decisions about technology and marketing, and more, *from the customer’s point of view*. Product assortments, in-store layout, employee training, and virtually all aspects of the company have been carefully aligned to the customer’s voice.. As Susie puts it, “If employees don’t treat customers in a Bloom-like way, it’s not Bloom!”

Susie’s wasn’t a lone voice. In an incredible line-up of customer-inspired speakers, each one spoke from a different and complementary angle, practically, about how to put the customer first. Oxford Institute of Retailing’s Paula Payton gave an over-the-top presentation on Las Vegas’ over-the-top retailing, where retailers go to extraordinary lengths to deliver exciting and memorable customer experiences – not literal examples to be emulated by all retailers, clearly, but great examples of catering to *one’s own unique clientele*. Ron Bonacci, now at K-VA-T after many years at Kroger, Teresa Wetmore of Clemons Family Markets, Mike Myers of Harris Teeter, and Marv Imus of Paw-Paw Shopping Center all spoke of very practical approaches to besting the competition, not through better prices but through catering to the distinctive requirements of different customer groups – understanding and responding to shopping preferences, customizing messaging to who the customer is, enhancing and *personalizing* the shopping experience, and more.

Deborah Grassi of Acxiom, recently of Wal-Mart, sang praises to the use of lifestyle data to illuminate hidden customer needs and predict future buying behavior, another vital piece of the puzzle, since great customer knowledge is the essential starting point.

The energy is building around “putting the customer first.” And it’s no surprise. Survival in retailing today depends upon customer relationship, customer experience, and the differentiation that can only come from being exceptional in *your* customer’s eyes.

I could go on, but please, tell me, what do *you* think?

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