

RTG Newsletter

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FROM THE PRINCIPAL'S OFFICE

At the time of this article, we are just coming back for the National Retail Federation's Annual Conference in New York City. Bob Berger, an RTG associate based in San Francisco, wrote this humorous but incisive piece for this quarter's Newsletter. Enjoy!

Bob Amster - Principal, RTG

The NRF's Really Big Shew

BY BOB BERGER - PRINCIPAL, BAMS

I have recently returned from spending a couple of really useful days on the floor of the National Retail Federation's 94th annual gathering in New York. This is a show that I have attended more than 20 times and here are some thoughts about its importance and execution.

Why is the show so important? If you are a retailer in search of systems even if your plan to purchase is a couple of years off, shows of this type are essential. Although not all the manufacturers of hardware and software are at the show, because the entry costs are so high, the significant players are definitely present. Even though you might be able to find an obscure vendor of a specific application on the web, to have the industry leaders display their wares in a comparative marketplace is invaluable to the retailer.

Retailers should shop the show with a sense of gathering general information about potential vendors and collect the cards of real candidates. There is no time to do an "in-depth" study at the show. The vendors want to introduce their products to as many visitors as possible and to be able to re-contact them later with more details.

There are other benefits to attending. First, gauging the traffic at the show, tells you how other retailers are doing. Higher volumes generally mean that more retailers are sending more representatives. This usually indicates that their business is better and that they are looking at capital items that are strategic in nature and expensive to buy, a further insight into their health. The converse is also very, very true. This year,

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judging by the crowds at major booths and by the line for entry and at the food kiosks, the business outlook looks optimistic.

After you have been a retailer or a vendor for a while and have attended a few of these shows, you will meet a lot of old friends. Not only is the schmoozing a pleasant break from the trudging from booth to booth routines, but also you can get a bunch of info on what is going on in the industry that does not appear in the trade press. Two things always seem to stand out at each show: how poorly *others* have aged in the past year and how many of them have switched companies.

Another change is the result of mergers and acquisitions. CRS bought Apropos. NSB was STS, IP acquired Retail Pro, etc, etc, etc. In wandering the floor I found alphabet paradise. An example set includes, 4R, ACI, ADS, AFL-CIO, ANT, APG, ARTS, BT, CAM, CGI, CRS, EDS, ESRI, GERS, GNX, HP, IBM, IEE, IP, ISD, JDA, KHI, KSA, KWI, LSN, M-I-C-K-E-Y, NCR, NEC, NPD, NSB, QAS, RPE, TPI, QRS, SAP, TPI, TAM and USPS. I lust to buy something from Al's Inventory Control Company.

Another observation was that there is a huge disconnect between nearly all vendors' booth signing and the things that their products actually do. Almost everywhere was feel-good marketing prose, which was randomly selected from the BS bucket, but almost no one listed what the software actually did. Where were the descriptive terms like "forecasting", "markdown control", "transfers", "audit", "physical inventory", "customer profiles", "financials" or "time and attendance?" This effort by the sales prevention departments had the effect of causing customers to miss booths of interest because they didn't know what the vendor actually sold.

I must save a few comments for the show management. Somewhere before the invention of computers, there was a valid reason for putting the show in New York during Market Week. But, since then a few things have changed apparently without observation of the NRF, mainly that CEOs are only occasional visitors and do not go into detail at the booths. The floor is now the purview of technical officers, operations people and human resource mavens and so the venue is suspect.

Most attendees noticed that New York in January is a place that only New Yorkers can love. It's bitter cold, not enough cabs,

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and the Javits Center is isolated from hotels, dining and entertainment. (The grocery guys, having evaluated the correlation between season and temperature, have held their meetings in February in Orlando and Las Vegas and their May meeting this year is in Chicago).

Waits for pre-registered attendees to re-register exceeded an hour while walk-ins were able to leave their blood types and urine samples in less than 20 minutes. This year they had a marching band to open the show. Of course everybody was still in line trying to get in and didn't see them and the cost might better have been spent on a better pre and site registration system.

Show maps were unreadable. Why not banners or signposts with the vendors in each aisle like Safeway uses so that I might more easily find peanut butter?

On the vendor side, for years including this one, participants have wanted to show their goods in a more economical environment. Moving the show to a city with lower costs might encourage new vendors to participate and allow more retailers' representatives to attend. All of this would be good for business.

But, this is enough ranting. It is likely that I will be back next year because the bottom line is that there are only two opportunities per year that allow this much comparison. I hope all of you who attended had a useful experience and I hope to see the rest of you "same time next year." Bring a heavy coat.

WHAT'S NEW

Visit our Web site!

Obtain more information about us at www.RetailTechnologyGroup.com.

Retail Turnaround

Duane Wolter, of strategic partner ACP, recently completed a three-year turnaround assignment as COO of a \$50 million sales retailer operating in Hawaii for the past 50 years. He achieved record sales and earnings in each of the three years, opened their first new store in over 14 years and strengthened the management team to continue the growth strategy he put in place.

Duane is our financial, audit, and profit recovery subject matter expert.

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Brookstone

RTG strategic partner for Retail Distributed Systems, Peleton Systems, was recently engaged by Brookstone to design a cost effective, state-of-the-art, Wide Area Network for Brookstone's 300 stores. Peleton Systems specializes in Microsoft Systems and every type of Networking Infrastructure and is located in Parsippany, NJ.

Pleased to Announce

That Bob Amster was named Bain and Company's Global Expert Network member of the month for December of 2004. The Retail Technology Group supported Bain's efforts in a significant engagement for Liverpool, Mexico's largest Department Store chain.

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