RTG Newsletter

Published quarterly by The Retail Technology Group
February, 2006

From the Principal's Office

It's the post-show report. Yes, we all went to the NRF Annual Conference in New York, as we have done for about 30 years, since it was at the New York Hilton Hotel. We wrote a little bit about the show, from our perspective. The outlook is good. Read on.

Bob Amster, Rich DeLio, and Mark Lilien of RTG contributed to this article.

NRF Recap

BY ROBERT AMSTER, RICH DELIO, AND MARK LILIEN

For many years, after every trade show we have been hearing from the show's host organizations some aggrandized reports about attendance, and we hear from retailers about how there was nothing new at the show, and from exhibitors about poor retailer traffic. Well, I think this year's NRF Conference was better all around. Not great, but better. We typically spend all our time on the exhibit floor becoming acquainted with the product offerings and meeting or escorting clients.

I thought this year's conference was better attended, although there were some notable retailers absent. The majority of retailers who were there were not just window-shopping, but appeared interested in making acquisitions. And the exhibitors to whom we spoke expressed very optimistic views about the number of opportunities that they picked-up at their respective booths.

The show was a further confirmation to us that there have been new products emerging into the market, above and beyond the traditional Merchandise Management and POS applications that, we believe, deserve retailers' attention. We are enthusiastic about the power of the digital display units being offered today. While it is true that they are not yet a dime a dozen, these are devices that can create excitement in a store environment. Remember the number of critics who have been telling you that the majority of retail environments are not exciting? These systems enable a retailer to create content, and centrally control what content, where and when it is distributed. Content can be advertising of specific brands (a revenue generator), a retailer's 'message' or 'theme', or timed promotions. In addition, the display devices can be touch screens, which offer a myriad of interactive opportunities.

Well here is another interesting concept. We have taken a very serious look at a product called Visual Retailing, which is an extension of existing products for hard goods, to the apparel segment. The product enables retailers to determine a 'look', layout the specific fixtures, populate the fixtures with actual product, and create the desired assortment for groups of store footprints. The process creates assortments by definition. These assortments can be brought back into Assortment Planning tools to reflect the reality of what fits in each *box*. The product further enables the retailer to disseminate these floor sets to the respective store groups either through an intranet or e-mail, in a timely manner, and thereby improve store compliance with centrally issued directives. Apparel retailers, and apparel brands with shops-within-shops are missing an opportunity if they don't look into this product.

An up-and-coming genre of applications is that of Workforce Management (WFM). First there was Time & Attendance, then came the extension to Labor Scheduling, and now we have arrived at Workforce Management, the ultimate umbrella under which the first two live. Workforce Management holds the promise of being able to reduce the highest of a retailer's cost after merchandise: labor. WFM solutions are available as in-house-resident and on-demand (where the retailer pays by transaction processed). Some solutions are costly but others are moderately priced, and most have a quick payback in their respective industry segments.

Last but not least are Business Intelligence and dashboards. BI has been getting a lot of play lately in the print media, but we feel it's not getting the attention it deserves from middle-tier retailers. Here is a tool or tool set that could enable every organization's executives to place their finger on the pulse of their business and enable them to drill down the information stream until they pinpoint the reason for less-than-stellar performance and fix it, or for better than expected performance and attempt to discover why, so they can emulate it across the enterprise. Many of the large corporation heads in America use these dashboards religiously and on a daily basis. We think it's a tool for the masses, not just for the élite.

Finally, we should take note of the consolidation taking place among solution providers such Manhattan Associates, Datavantage, CRS Retail, Oracle, and SAP. All these companies have acquired products that would complement their original core offering. What does this rash of acquisitions mean to retailers? It can mean two completely different things depending on how the acquirers go about integrating their acquisitions.

The best of all worlds is that the acquirer will proceed diligently to seamlessly integrate their new products to the benefit of their retail customers, while allowing the acquired products to continue to be sold as "best-of-breed" solutions. We know from past experiences (that shall go nameless to protect the guilty), that such has not been the case always and that retailers waited for years for differing products to be fully integrated.

As has also happened in the past, we could see the acquirers neglect their acquisitions and worse, take them off the market to the detriment of the retail community.

Our belief is that there is a genuine trend towards the single solution provider who can tend to the retailers' every application need. It won't matter which module a retailer implements first, there will be the promise of full integration with the next module, and so on. It's like the mom-and-pop retail software offerings we've had for years, but in a much grander scale.

That is it for our take on t he NRF annual Conference. Maybe there will be even better news after RS 2006 in Chicago this Spring.

Visit our Web site!

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

The Retail Technology Group:
www.retailtechnologygroup.com
is located at:
761 Rock Rimmon Road
Stamford, CT 06903-1216
Telephone 203 329-2621
bamster@retailtechgroup.com