

RTG Newsletter

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FROM THE PRINCIPAL'S OFFICE

This is our report on the NRF conference just passed. The task of writing the observations was eagerly embraced by our own version of Andy Rooney: Mark Lilien, who has seldom been at a loss for a tongue-in-cheek commentary. It's OK. Laugh!

Bob Amster - Principal, RTG

Why do I go?

By Mark Lilien, The Retail Technology Group

I've been a retailer since the late 1960's, when I worked after school at a Gristede's supermarket. I remember when the NRF show was in the New York Hilton, and people called it "the hanger show". Most of the exhibitors used to be sellers of store fixtures and price tags. Technology in those days meant something mechanical, not something electronic. So I've been to the annual NRF show at least two dozen times. I've been a buyer, a CIO, COO, CFO, CEO, and consultant to national and local retailers and their suppliers for 30 years. I go because I want the best for my consulting clients at Retail Technology Group (www.RetailTechnologyGroup.com) and I like to see what's new and exciting. Finding something new that solves a client's problem makes my day.

New Trend: In-store advertising, driven by technology

Two innovators:

- RT7 offers free POS software and hardware (complete setups) to retailers who agree to simultaneously install their video ad screens. Tony Comparelli, the CEO, told me they have 400 locations in Canada already, so now they'd like 10 times that number to start in the US.
- DigiCharm had terrific shelf-edge screens, with bright eye-catching animation. Michael Palmer, their president, told me several ad network reps came by his booth with revenue-sharing offers.

Besides these examples, there were many more tech-driven in-store advertising suppliers. Better-managed retailers will minimize

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the clutter of competing messages, using in-store media to reinforce constructive market positioning. Poorly managed retailers will sell every advertiser they can get, and the chaotic cacophony will drive shoppers away.

Copycats

A shakeout has to come for gift card companies and supply chain software companies. It seemed like every fourth booth was one or the other. Maybe next year the NRF could organize the aisles so that all the me-too players in a particular category could be in the same aisle, like a Javits Center-sized supermarket. And the competitors in each aisle could be issued paintball guns, with the winning shooters elevated to some kind of reality-TV show ("Murder At The Convention Center").

Communication

I still can't understand why 20% of the booths lack signage that tells passersby:

- What business are you in?
- What is your unique selling proposition?
- Who is your market?

And please don't staff your booth with temps who can't answer questions. Retailers already know that game since they've got hundreds and thousands of stores staffed with people who can't answer questions.

The mysterious future

The Store of the Future X07 Ultimate Pop-up Boutique was full of mysteries. Biggest mystery of all: in most of the pods, did the crowd understand what was innovative? Mystery #2: why does The Store of the Future X07 Ultimate Pop-up Boutique need a 10-word name with 41 letters, 2 numbers and a hyphen? eBay has only 1 word with 4 letters and it's the most successful retailing innovation in at least 2 decades.

Great merchants think thematically

I like free pens, candy, coffee, and rubber balls as much as anyone, but why do exhibitors give this stuff away? It shows no

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imagination. Surely, with 12 whole months to think about it, someone can come up with a more creative idea than a free ruler. Seventeen booths had "register to win" prizes. They can't come up with a better way to generate leads for their salespeople?

Lessons to learn and lessons to unlearn

When will the kiosk makers and the trade show management get together to eliminate the absurd check-in lines? And why did pre-registered attendees have to wait longer than people who didn't pre-register? Retail 101 is about minimizing checkout lines, yet the industry's trade show has huge lines. Let's demonstrate line busting in action. Also, how come the Convention Program Guide is printed on the heaviest paper imaginable? It weights 1.25 pounds. Doesn't everyone have enough weight to carry already? Best thing about the show: you can listen to the seminars on CD. This is great way to use commuter time in your car, after the event is over.

And when will the pedicabs in Midtown come to the Convention Center, to ferry the visitors from booth to booth? A lot of people are tired of walking.

The Ultimate X07 NRF Show of the Future (how about next year?)

How's this for making future NRF shows more creative and productive?

- Giving away pens, rulers, rubber balls, or coffee? Running an "enter to win"? You're fined \$1,000, which goes to retail education scholarships for college students.
- Cliché signage? \$1,000 fines ("Most Reliable In The Industry!" "The Proven Leader!" "Made in USA!")
- Turned your booth into a lecture hall because you can't communicate a reasonable message in 25 words or less? \$1,000 fine.
- Cliché props and graphics (a picture of the factory, the American flag, cash registers with play money or chocolate coins, pictures of shopping carts, cans of soup): \$1,000 fine.
- Give a mystery shopping service free publicity and booth space. Let their agents score visitor service quality by visiting every booth.

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- A free booth at next year's show for the companies whose exhibits are voted
 - Most informative signage
 - Most well-informed booth staff
 - Best novelty give-away that fits the exhibitor's message (pen manufacturers automatically disqualified)
 - Best use of space

- Booby prizes (winners have to pay for the free booths listed above):
 - Strongest non-sequitur (booth attention-getter has nothing to do with the company's product or service or retailing)
 - Majority of booth staff can't speak English
 - Tallest sign with no productive message except your logo
 - Largest sign with no productive message except your logo

Retailing is full of creative people. **What are your suggestions to measurably improve next year's NRF show?**

WHAT'S NEW

Visit our Web site!

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

Off-Price Retailer

We are pleased to announce that we have been engaged by a national off-price retailer to assist the company with an eCommerce project and a Store Operations Process Improvement project. The initial phase will deal with understanding the costs and efficiencies to be gained from changes in the eCommerce model, and with promoting synergy with the bricks-and-mortar business.

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Rec Room Furniture

We continue to work with this successful retailer of entertainment furniture for the home, including pool tables, air hockey, bars, card tables and home entertainment seating.

Bluemercury

We have been engaged to manage the implementation of the KWI merchandise management system for Bluemercury, Inc., Washington, DC; a growing retailer of branded cosmetics.

The project involves the implementation of the merchandise management application, in-store systems - including traffic counters - WAN infrastructure, eCommerce, and business-process redesign. We are pleased to serve this most exciting retailer.

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