

RTG Newsletter

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FROM THE PRINCIPAL'S OFFICE

The Retail Systems 2005 conference just concluded in Chicago and brought some thoughts to mind. I would like to share these with you.

Bob Amster - Principal, RTG

Now displaying at a store near you...

BY BOB AMSTER - PRINCIPAL, RTG

As I spoke to a reporter for a Japanese retail publication on my way back to the airport last Thursday, she mentioned a phrase uttered by an attendee that she had interviewed that resonated with me. The retailer had called this "a year of transition" in retail software and product development. And it appears true to us. We did not see new products this year at the conference, but rather, enhancements to the already existing products being sold in the marketplace.

This is only our impression, and we easily could have missed something new and exciting. One major house, JDA and one notable competing consulting group Lake West, were not present at the conference.

Attendance by retailers appeared to be low (we don't have the attendance statistics). That's the bad news. However, many of the solution providers to whom we spoke agreed that there was more quality among the attendees despite their quantity. That is to say, the retailers who showed up were looking to buy. And that's good news for the exhibitors, and they foot most of the bill.

It is concerning, however, that more companies' CIOs, CFOs, and other VPs of Logistics and Store Operations did not see fit to go and exchange views with one another, and speak first hand with the solution providers. If this is a trend, we're all in trouble. There is a *raison d'être* for trade shows and conferences, and apparently the very people who should be interested in attending are ignoring them.

Getting the retailers' attention

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A recurring theme did attract my attention, because it was very visual. It was the ubiquitous use of small and large flat display screens by many exhibitors. Some exhibitors used them to present their products, and in many other cases, the screens were the products. This is a trend and it has been building. The screens attracted me for a least two reasons: they are very sharp in their definition, and therefore pleasing and effective (the 'eye candy'), and they have multiple uses, which, surprisingly, are not limited by their large size. For example, one screen that measured 50"-60" was touch sensitive, sharp as a tack and very colorful. Sure, at close to \$5,000 it seems a little pricey, but I was assured - and I can believe - that there are ways to generate additional sales that more than pay for the devices.

With the appropriate software, these devices can be used to advertise (and thereby generate revenue for the retailer), to promote the retailer's own products and events, to train employees, as an interactive (huge) kiosk, and one application in which I have a special interest: to display new floor sets to the store associates and achieve C & C (compliance and consistency) across the many stores in a chain. This last use is particularly interesting to me - and should be to retailers - because of the ability of a particular product I saw, to deliver and change the content, on a real-time basis, from a central location, using a Web based delivery and monitoring application. This application of technology certainly appears to hold the promise of helping retailers add some pizzazz to an assemblage of otherwise *me-too* retailing.

Some store chains are already using large screens in their stores and I can see the trend growing for two reasons; it is an effective tool to deliver a message and, as has been the case in all electronics, these devices will get cheaper while they get sharper and larger (as opposed to our PC friends which got cheaper while they got faster and smaller).

So retailers, if you weren't there, you missed the preview of next thing to be displaying at a store near you...

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RFID

Barbara Anderson has been working extensively with RFID and its influence on forecasting, especially for new products and promotions. She continues to work with clients on their strategic plans for forecasting and replenishment and helping them to select the software. She's also been working with software firms to improve product development and market positioning. Most recently she's worked with developers TCI (www.tcisolutions.com), DemandTec (www.demandtec.com) and retailer Dollar General.

We said so more than a year ago: whether you believe it or not, RFID is the next silver bullet, or "killer app."

Pleased to Announce

As previously reported, Frank Dell was elected to the Board of Directors for TDS Logistics, a rapidly growing food service distributor in Moscow, Russia.

CRM

Claude Johnson is now acting as the CRM outsourcing partner for 5 different companies. His work includes building and maintaining the databases, reporting the results, and pursuing individually tailored CRM initiatives.

Networks

Matt Lombardi & Darius Milani (Peleton Systems) redesigned R&S Strauss Stores' network. The 103-location auto parts retailer outsourced the management of its new, lower-cost system to Peleton. Matt also redesigned Spencer Gifts' network. Spencer has 650 stores.

Bill Pavony

Bill Pavony is developing an RFP and conducting a package evaluation and selection engagement for an ERP solution for a screen-printing and embroidery subsidiary of a sporting goods retailer.

Business Intelligence (BI)

Chris Silbernagel at Exigent Partners is building a Business Objects data warehouse for Orvis. Orvis retails and wholesales sporting goods, clothing, home furnishings and gifts. It has 46 company-owned stores in the US and the UK, a web site, mail order catalog, and an independent dealer network. The business

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intelligence solution will be used to identify and segment key customers quickly and easily. It will be used to help Orvis optimize its investment in advertising, promotions, and e-mail campaigns.

BI has been a hot topic among progressive retailers for the last few years, and Chris and the BI group can provide valuable assistance in this area.

Profit Recovery

Duane Wolter at AuditPros is completing a profit recovery audit and Sarbanes-Oxley review for Urban Outfitters, the \$800 million specialty apparel retailer. He's recovered substantial amounts from vendor billing errors and issued a report on the accounts payable system to be used as part of the Sarbanes-Oxley requirements.

Duane also began a comparable audit and review for Rainbow Stores, a thousand-location \$600 million in sales apparel chain.

Talk to us about profit recovery. Many retailers appear to be leaving money on the table.

Old Time Pottery

As previously announced, Old Time Pottery has selected strategic partner Retail Process Engineering, LLC (RPE) and The Retail Technology Group to address process re-engineering, logistics and distribution utilizing JDA's MMS.

Old Time Pottery based in Murfreesboro, TN, is a privately owned retailer of discounted home decorating goods offering a dynamic assortment of merchandise from opportunistic purchases in a warehouse-type setting. Founded in 1986, Old Time Pottery has 31 stores primarily in the Southeast. The growing chain plans to increase the number of locations again in 2005.

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