

RIT BULLETIN

Retail Information Technology Bulletin

JANUARY/FEBRUARY/MARCH 2009

◆ AGREEMENTS ◆



A number of agreements were announced during the period:

- Sarah Lee signs seven year services agreement with IBM
- Loblaw's adds workforce management application from RedPrairie
- Gap selects Tririga for Retail to manage workflow for real estate portfolio
- Morrisons food retailer chooses Wipro Retail as IT partner
- Southern Family Markets selects Revionics for price, promotion, and markdown optimization
- Office Depot selects Oco for business intelligence
- Party City selects Tomax Retail Analytics solution powered by Pivot-Link
- True Religion Apparel selects Oracle E-Business Suite to streamline supply chain
- Elie Tahari deploys BI technology from IBM
- A.C. Moore Arts & Crafts implements Oracle Retail merchandising applications
- Co-operative Group adds Kronos workforce management
- Metropolitan Opera selects Epicor Retail Software as a Service (SaaS)

A QUIET START TO AN UNCERTAIN YEAR

Timed with the NRF Big Show in January, the first quarter typically offers many interesting innovations, agreements and announcements. But this is not your typical year, with most retail categories reporting declining sales, except, notably, food and beverage stores, pharmacies and personal care, and general merchandise. Retail technology followed suit, with a quiet start to the year.

There were several agreements, but primarily only on point systems. And announcements were few, with one major casualty, Retail Pro (who has since found a saviour). We presume there will be several more mergers and acquisitions announced as the year progresses.

E-commerce was the bright spot, with lots of activity in both traditional online retailing and the up and coming social media. And there were a few innovations in CRM, payment systems, and RFID.

◆ E-COMMERCE & SOCIAL MEDIA ◆

A Forrester report says that a significant number of online merchants will INCREASE spending during the economic downturn to improve the customer experience and sales, and a new study from Carnegie Mellon University finds that online shopping means going green, with 35% less energy consumption.

E-commerce appears to be a bright light in a fairly dim retail space, with buy-online-pick-up-in-the-store programs at Canadian Tire and Sears, an innovative web offer at Big Lots, and the continual integration of social media into the experience, led by companies such as Zappos. Importantly, a study by Razorfish finds that advertising on social media sites works.

◆ PAYMENT SYSTEMS & RFID ◆

In response to concerns about identify theft from online purchases, Cred-ex launched a new alternative payment solution. And in a move to build contactless payments into handsets, MasterCard and Blaze Mobile launched high-tech stickers for mobile phones.

Our love/hate relationship with RFID continues. Just after Wal-Mart and Procter & Gamble revoked their support for tags on promotional displays, Walgreens boosted theirs, citing great gains in in-store execution. The theme extended to in-store kiosks: Estée Lauder unveiled an innovative interactive RFID-based kiosk that plays descriptive product videos.

◆ CRM AND LOYALTY ◆

Conventional wisdom dictates that retailers must, above all else, focus on the customer to weather the economic storm. In response, the focus this quarter was on customer tracking systems, with new products from CFI Group, Omniture and Verint Systems analyzing customer behavior and satisfaction levels.

ANNOUNCEMENTS: INDUSTRY NEWS & ACQUISITIONS / CRM & LOYALTY

RETAIL PRO ENTERS BANKRUPTCY

Retail Pro, formerly Island Pacific, and its wholly owned subsidiaries, Page Digital, IP Retail Technologies International and Sabica Ventures entered into Chapter 11 bankruptcy on January 10, 2009, due to declining sales and fewer annual maintenance renewals.

— RIS News



eldib.wordpress.com

DEMANDTEC ACQUIRES CONNECT3

DemandTec announced that it has signed a definitive agreement to acquire privately-held Connect3 Systems, a provider of advertising, merchandising, and promotions software.

The Connect3 modules will be incorporated into DemandTec End-to-End Promotion Management, DemandTec's software-as-a-service solution for managing the promotion process.

— RIS News



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pharmaventures.com

OMNITURE ANNOUNCES FIRST-OF-ITS-KIND RETAIL SOLUTION

Omniture, Inc., a leading provider of online business optimization software, announced Discover OnPremise for Retail, providing retailers with a real-time, visual analysis of customer interactions across multiple channels and enabling retailers to correlate off-line data with online interactions.

"Consumers today interact with retailers across many channels – researching a product online, placing an order at a call center, and picking it up or returning it at a store. Discover OnPremise is the first retail solution to offer rich visual analysis across all these channels," said Aseem Chandra, Senior Vice President of Product Marketing at Omniture. — *Internet Retailer*

BEST BUY ANALYZES AND OPTIMIZES CUSTOMER EXPERIENCE

Best Buy is using the Nextiva Retail Traffic Analysis solution from Verint Systems to analyze and optimize customer experiences associated with product placement and promotions.

The electronics giant deployed a 45-camera setup in one of its 45,000-square-foot locations to evaluate the system. The Nextiva solution provides real-time information regarding customer count, traffic patterns, and dwell times, and broad information regarding customers' in-store behavior.

— *RetailCustomerExperience*



kotaku.com

TOP FOOD & DRUG IMPLEMENTS A CUSTOMER RELATIONSHIP PROGRAM

TOP Food & Drug has implemented a customer relationship program, TOP Connection, which uses RFID technology to enhance the shopping experience with targeted marketing promotions and unique value added services. The RFID-enabled program could also be used to motivate specific customer behavior, such as driving sales of particular products, increasing per-trip spending and accelerating the rate of return trips.

To participate, customers enroll in the program and set up an on-line profile, inputting personal data and product, communication and payment preferences.

— RIS News



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CFI GROUP DEBUTS RETAILMONITOR

CFI Group, a leader in strategic customer satisfaction measurement, has debuted its RetailMonitor.

RetailMonitor tracks current customer satisfaction levels, identifies key touch points where improvements matter most to consumers, and delivers a customized action plan to increase the effectiveness of those touch points.

— *Internet Retailer*

E-COMMERCE/SOCIAL NETWORKING

SEARS EXPERIMENTS WITH MYGOFER

In an effort to increase shopping convenience, Sears is experimenting with a buy-online-pick-up-in-store approach merged with a “you want fries with that?” drive-through, in what it is calling a “MyGofer” store.

The MyGofer store will be about 80 percent warehouse and will serve as a place to quickly pick up items—primarily at the drive-through portal—that were ordered ahead of time.

Another recent Sears move is its new mobile shopping capability application, Sears2go, allowing users of about 400 types of mobile devices to shop for many of the products in the Sears catalog.

— *StoreFrontBackTalk*



ONLINE MERCHANTS TO INCREASE SPENDING DURING DOWNTURN

A significant number of online merchants plan to increase spending during the economic downturn to improve the customer experience and sales, according to a new report from Forrester Research Inc.

“Great experiences are key to attracting and retaining customers in this environment, so customer experience professionals shouldn’t be afraid to ask for funding in 2009,” says Forrester analyst and report author Megan Burns. “Just be sure to make an argument that’s in tune with the current business climate by positioning web usability as a cost-cutting measure.”

— *Internet Retailer*

BIG LOTS INTRODUCES ‘DEAL OF DAY’

The largest broad-line closeout retailer in the country, Big Lots, has recently added a “Deal of the Day” section to its website, which, as its name implies, offers a single item each day. When it’s gone, it’s gone.

The model is inspired by Woot.com, which sells one product per day – and when the inventory on that item is sold out, there’s nothing to buy until 12:00am the next day.

— *RetailCustomerExperience*

BEST BUY AND RIBBIT LAUNCH NEW WEBSITE

Best Buy has joined web developer Ribbit to launch ConsumersPrice.com, where shoppers can request alerts of future Best Buy product pricing.

A shopper looking for a specific product will enter a preferred price and request a text message or e-mail alert when the product becomes available. Once the shopper receives an alert, they could click to Best-Buy.com to make an online purchase or click to ConsumersPrice.com to view a map showing locations of Best Buy stores in their area where the product is available at the specified price. — *Internet Retailer*

CANADIAN TIRE ABANDONS E-COMMERCE

Canadian Tire has made a move to abandon traditional E-commerce, with the exception of gift cards and its buy-online-pick-up-in-store program.

“We’re located so close to customers that people mostly use our website for researching CT’s products,” said Lisa Gibson, a CT Associate VP. “It was launched as a site for people to do research,” Gibson said. “Online delivery never was going to be the main crux of the business.”

— *StoreFrontBackTalk*

‘ENVIRONMENTAL’ E-SHOPPING

A recent study by Carnegie Mellon University found that “shopping online reduces environmental impact with 35 percent less energy consumption and carbon dioxide emissions compared to the traditional retail shopping model.”

The biggest factor that gave E-commerce a significant boost was the assumption about the customer’s driving distance, followed by the consumer’s fuel economy, cost of e-tailer’s packaging versus store electricity, energy and emissions in retail freight efforts, and energy needs of the data center and warehouse. — *StoreFrontBackTalk*

ZAPPOS.COM GETS PERSONAL -IZED

Customers of Zappos.com will soon be able to personalize the webpage content they see. The company, using its own technology and developers, will enable shoppers to arrange content by category and style, and also plans to include more social networking tools on its product pages. This effort will make for easy sharing of information over Twitter, Facebook, and other social sites. Zappos is also suggesting that its employees create their own product videos to present to Zappos’ customers over the website. — *StoreFrontBackTalk*

E-CONSUMERS GO SOCIAL WITH WEB 2.0

“Connected” consumers are quickly adopting social media and Web 2.0 technologies, according to a report by Razorfish, a digital marketing agency, which surveyed more than 1,000 consumers about online spending. Four out of ten have made a purchase based on advertising they saw on a social media site, and 76 percent welcome advertising on social networks.

— *RetailCustomerExperience*

POS AND PAYMENT SYSTEMS/RFID

CRED-EX WILL LAUNCH ITS ALTERNATIVE PAYMENT SOLUTION

Cred-Ex, helping combat identity theft through its patented process, will launch its new alternative payment solution, granting instantaneous credit to consumers on its website or at participating merchants' shopping cart screens.

Consumers who don't want to use credit cards online will be able to make online purchases with Cred-Ex.— *Internet Retailer*

MASTERCARD AND BLAZE MOBILE GO HIGH-TECH WITH STICKERS

MasterCard and Blaze Mobile are implementing high-tech stickers for mobile phones, using radio frequency technology, to communicate with point-of-sale terminals at BP, Best Buy, CVS, and other stores.

The technology is a bridge to contactless payment built into handsets. "It's a big deal in the evolution of mobile payments," says Bruce Cundiff, Director of Payments Research and Consulting at Javelin Strategy & Research.— *Technology Live*

CREDIT CARDS GAINING GROUND IN EUROPEAN ONLINE RETAILING

Credit cards are gaining ground as a way of paying European online merchants, according to a new report from Deutsche Card Services GmbH, a subsidiary of Germany's Deutsche Bank.

Credit cards accounted for 81.6% of purchases from European online retailers processed through Deutsche Bank's Pago processing platform from October 2006 through September 2007, six percentage points higher than during the previous year, according to the report "Purchasing and Payment Behaviour in Online Retail."

— *Internet Retailer*

WALGREENS SUPPORTS RFID TAGS

Just after Wal-Mart and Procter & Gamble revoked support for RFID tags on marketing displays, the US' largest drugstore chain, Walgreens, is boosting support for RFID tagging of promotional displays.

"Over the past year, our in-store execution has grown to nearly double the industry average," said David Van Howe, Purchasing VP for Walgreens. "Store-level information about what is up and where it is in the store allows unprecedented accountability for achieving program potential."

— *StoreFrontBackTalk*

PEOPLEVOX UNVEILS FIRST PRODUCT

PeopleVox, a startup company focused on RFID solutions, has unveiled its first product, PVX-50, a series of lightweight handheld RFID readers that scan up to 350 RFID-tagged garments within 40 seconds.

The PVX-50 will integrate with mobile handheld devices, allowing clerks to check inventory via RFID, receive and send texts, or make phone calls. A manager, for instance, could send a text to clerks out on the floor, alerting them to a new promotion, or directing them to move merchandise from one area of a shop to another.— *RFID Journal*

ESTÉE LAUDER GETS INTERACTIVE

Estée Lauder, as part of an RFID-based system created by Lime IT & Media Solutions Ltd. and Remote Media, has unveiled a kiosk whereby lifting a product off the shelf, consumers can activate and watch a video about that product that ceases playing when the product is re-shelved. The technology allows Estée Lauder to track display effectiveness, detailing how frequently tagged products were taken off the shelf compared against the store's point-of-sale data.— *RFID Journal*

ABOUT RIT EXPERTS

RIT Experts is an international consulting firm that specializes in retail technology strategies, best practice research, and sourcing the right solutions.

Our services are concentrated in the following areas:

- Retail (Financial) Performance Improvement
- Best Practice Research, and Presentations and Workshops
- Retail and Technology Education for IT Personnel at Retailers and Technology Suppliers
- Retail Technology Advisor, Strategic Planning and Audit
- Business Model and Process Optimization
- Retail Technology System and Technology Search
- Project Management and Implementation

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