

In Focus: Technology

BUSINESS

Retailers Flock to NRF's Big Show Seeking Solutions

● Over 500 vendors showcased solutions at the NRF event in New York.

BY ARTHUR ZACZKIEWICZ

Retailers flooded the National Retail Federation's "Big Show" at the Jacob Javits Convention Center this week. And big it was: there were over 33,000 attendees. All of them seemed to be looking for help in navigating a difficult retail market where consumers have redefined the rules of the game.

From a high altitude, the landscape appears stable. Holiday sales were up year-over-year. Digital sales experienced double-digit growth. But as the MasterCard holiday SpendingPulse report noted, women's apparel sales were down 2.9 percent while overall gains were offset by a drop in spending on jewelry (down 2.2 percent) and electronics (down 2.1 percent).

Moreover, some of the top department and mass retail firms – including Macy's Inc., Kohl's Corp. and Target Corp. – reported disappointing holiday sales, which followed a new round of store closing announcements from Macy's as well as the bankruptcy of The Limited.

But if retailers need help, the Big Show was the place to be. There were over 500 vendors and service providers. Of the retailers and fashion apparel brands present, the attendees hailed from a broad swath of the market including Wal-Mart Stores Inc., Macy's, TJX Cos., Belk, Five Below, L Brands, Lululemon, Under Armour, Nike, Adidas, Oxford Industries, Ralph Lauren and Ulta Beauty, among many others.

During an "Exhibitor Insights Panel" titled "Markdowns: The Hidden Virus" presented by First Insight Inc., chief executive officer Greg Petro interviewed Karen Etkorn, executive vice president and chief information officer at HSN Inc.; Alex Del Cielo, chief executive officer of Camuto Group, and William Susman, managing director of Threadstone Advisors. The panelists offered their perspective on a sobering topic: the impact of markdowns.

The panelists keyed the discussion off of a holiday markdown report from First Insight showing that 70 percent of consumers expect a markdown of 31 percent or more on everything they buy. And one-third expect 100 percent of their purchases to be on sale. But how did the market get to this point? What's fueling these expectations?

Petro gazed out to an audience of 400 attendees and said it was due to online

shopping where 60 percent of consumers feel that they can find the best deals online.

Adrien Nussenbaum, cofounder and ceo of marketplace platform provider Mirakl, told WWD that retailers are "experiencing a lot of soul-searching right now." Product doesn't really matter, he said adding that retailers need to see themselves as a brand.

"They must look beyond the buying and reselling of a product," he said. "Instead, retailers need to see themselves as the center of a larger ecosystem."

And in that ecosystem, customer engagement occurs on a more sophisticated level. Subsequently, the physical store – where 90 percent of retail sales still occur – is a place where products are stored and shipped (as a distribution center) or where goods are showcased and can be purchased online (the so-called

webrooming approach), Nussenbaum said. Or stores a place where shoppers have an experience. Think cooking lessons (not demos) or interactive activities such as trying on outerwear in a cold room (what Eddie Bauer is testing with its Ice Box concept).

Guy Courtin, vice president of industry and solution strategy for retail and fashion at GT Nexus, an Infor company, said consumers are clearly in charge of the market, and their expectations for a seamless and frictionless shopping experience that occurs online, in stores and on mobile devices cuts across categories from apparel, accessories and shoes to furniture, cars and even pizza.

And as a result, retailers have made massive investments in e-commerce. But Courtin and Nussenbaum stress that it's foolhardy to try to compete with Amazon. Instead, retailers should make smart investments in technology and apply it tactically and strategically to their business while also not neglecting their physical stores.

At the NRF show, these technologies were well represented and covered various business segments from data analytics and market research solutions to cloud software platforms and mobile technologies, among others. Marc Biel, ceo at Shopgate Inc., noted that there is a demand in the market for solution-driven technology. But he stressed the importance of having a strategy, and moreover, understanding the need and behavior of consumers.

For its part, Shopgate just partnered with Salesforce's Commerce Cloud to offer an integrated solution for retailers looking to develop smarter native apps aimed at boosting conversions and increase customer retention. Biel also noted that critical to the "new consumer experience" is a desire for personalization – a theme that was echoed across the Javits center.

At the Aptos booth, retailers got a taste of an in-store personalization solution that engages shoppers via digital displays. The display greets the shopper and offers products based on their prior preferences. Tap the screen and a sales associate can bring out the desired product. And if it's not in stock, the item can be shipped to one's home.

But the technology – like others touted at the show – also helps retailers gather data on consumers. With the Aptos solution (done in partnership with F3G), that data tells retailers what products are compelling and experience better conversions. And it's that sort of insight that is driving retailers and fashion apparel brands to adopt new technologies, and hopefully boost sales and profits.

Getting Real in the Digital Age

Retailers were buzzing at NRF with concepts of a classic idea: in-store customer service.

● Is e-commerce becoming obsolete? Not quite. Now that panic and shotgun reactions about digital commerce have subsided, retailers are finding that all that worry might have been for naught. This was felt at NRF – solution providers overwhelmingly offered new shake-ups on an old priority: the in-store experience.

And for good reason – Interactions Marketing "Retail Perceptions: The Next Generation of Retail" 2016 report highlights that 64 percent of Generation Z shoppers would rather shop in-store than online. Fold in finicky Millennials and you've got a hefty amount of customers who still want to visit bricks-and-mortar – albeit while researching and comparing products on their mobile devices. The truth is, shoppers still want to touch and feel product before buying.

Solution providers are getting savvy – and are unleashing a new wave of technology to capture data on spending patterns, emotional attachment to products and matching stock levels while fads balloon and wither. NRF was brimming with booths advertising in-store analysis, RFID trackers and optimization tactics to free up sales associates' time. "The ideal solution is an end-to-end solution," said Lori Mitchell-Keller, global general manager of consumer industries at SAP. This means the left and right hand need to talk – integrating wholesale with front-of-house consumer analytics will behoove clienteling.

The role of the store has shifted. Once the spot to peruse and purchase new trends, shops have become multi-faceted tools that when implemented wisely can secure brand loyalty – a tricky feat – and improve revenue and shipping timelines. With limited warehouse locations, bricks-and-mortar became a secondary option for customer pick-up and distribution centers. But consumers aren't the one-trick ponies they probably never were: multigenerational merchandising is nearing quadratic equation levels of complexity layering in the necessity for invigorated sales associates who serve as brand ambassadors. Armed with personalized data, employees should aim to provide strategic interactions that generate sales of product that seem innate and organic.

The technology debuted at NRF in its core was shockingly simple: give the customer what they want, when they want it and they'll probably come back for more. All the big guys are doing it: Intel, IBM, SAP and Adobe are just some of the powerhouses that presented updates and new facets to comprehensive technology that ultimately serves to do one thing: Make the customer happy.

– ELIZABETH DOUPNIK



SoftBanks Robotics' Pepper robot at NRF 2017.



Avery Dennison's Janela technology realized in Rochambeau's bomber jacket.