

NRF Shouts “Technology – Engagement - Talent” as top priorities. Digital In-Store Media called to deliver.

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This summary of the National Retail Federation January 2012 “The BIG Show” trade show and conference is through the lens of the value and directions of Digital In-Store and Dynamic Place-based Media to improving the success of brands and retailers. While the marquis theme of the event was “Engage and Evolve,” the three retail industry priorities of “technology”, “engagement” and “talent” were reflected by many exhibitors, retail sector briefing reports and in conference sessions. Sections in this article include:

- *The National Retail Federation (NRF) – Event perspectives*
- *Retail and technology*
- *Engagement - “Bricks, Clicks and Picks”*
- *Digital In-Store*
- *Analytics & In-Store Media*
- *Story-Telling*
- *Talent*
- *Outlook*

The National Retail Federation (NRF) indicates that retail contributes \$1.2 trillion in direct GDP in 2009 including food services and drinking places. Direct employment is 28.1 million. There are 3.6 million establishments, 95% or 3.42 million of which are one--location businesses. There are 917,00 locations of multi-location retailers. The NRF projects a 3.4% increase in 2012. Directly and indirectly, retail accounts for 11.9% of all business establishments in the USA, supporting 1 in 4 (42 million) American jobs and contributing \$2.42 trillion to annual GDP.

Online retail is currently \$176 billion, 3% of annual retail revenues, having grown by 11% over the previous year according to Forrester Research, however this is projected to grow to 11% in the next five years.

Digital Media exhibitors at NRF included 30 providers of digital in-store media including industry-leading suppliers such as NEC, Stratacache, Hughes, Harris, AOpen and YCD and Scala at the HP booth. Dynamic media exhibitors were busy throughout the show. Many other suppliers attended to connect and learn.

Kevin Lawrence VP, Enterprise Sales of Broadcast International, which serves organizations such as Bank of America, Microsoft and Hollister commented that

“the NRF event was great because it validated what we are hearing from so many of our customers. They want to leverage digital media to better inform, influence, and educate both customers and employees. They expect solutions that provide a more interactive and engaging customer experience by embracing touch, sound, mobility, and more. They demand analytics that allow them to assess the effectiveness of their campaigns and they want to work with a single partner to accomplish it all”.

The Intel product showcase was elbow to elbow throughout as they demonstrated a dozen advanced applications currently in use by brands and retailers such as HSN, Kraft Foods, Macy’s, adidas, the LEGO Group, Petrobras and others. A 3D aerial imaging kiosk profiling Coca Cola reflected the Intel partnership with Provision, the leader in commercial application “holographic” display.

Intel also included a new prototypes through its partnership with Inwindow Outdoor, an interactive digital out-of-home advertising company that has developed street-level storefront interactive advertising campaigns for American Express, HBO, Ford, HP, Microsoft and NBC. The Intel/Inwindow Outdoor prototype, being called the “Experience Stations” engages consumers through information presentation and interaction (multi-touch and gestural). The slick prototype incorporates a large-format 70-inch touchscreen display and near field communication (NFC) capability for two-way transactions with mobile devices. The Experience Station can also enable users to take and send pictures, download coupons to their phone using NFC, connect to social media sites, check the weather, and look up information. When users approach the screen, the system’s cameras use Intel’s real-time analytics software (Intel uite), which detects gender and age and then plays targeted advertising based on the audience demographic. Analytics are at the heart of The Experience Stations, which provides metrics on audience count, impressions, level of engagement and dwell time.

Several exhibitors demonstrated “closed-loop” systems of message presentation, mobile opt-in, coupon offer and redemption with analytics at each step in the commercial process. The Intel AIM Suite of Anonymous Viewer Analytics is typically integrated with all major Digital Signage Content Management Software systems.

Scott Hines, President of CopiaMobile succinctly outlined the benefits of such closed systems, including the “Wave2Save” experience:

- The multi-media, multi-channel approach incorporates message presentation, mobile detection and offer, opt-in and sales activation in a turnkey solution with a strong foundation of analytics at each stage of consumer engagement.
- It leverages available digital media infrastructures to deliver higher ROI to

- retailers and brands.
- No character entry or scanning a QR code is needed to activate engagement – although these can be added.
 - The experience is multi-sensory including visual and auditory with the cell phone making a “whooshing” sound during wave and cheering when offers are redeemed.
 - A tactile experience is offered with the phone vibrating when offers "land" in the phone and waving your hand provides a physical experience.
 - The system bridges the physical and the virtual world creates a much more compelling interaction for consumers
 - Its easy to get consumers to adopt an experience that they enjoy
 - Tying the wave experience into creating "user generated" content, where the consumer actually participates in the campaign gives the consumer benefit beyond just offering them a discount
 - Gives retailers a way to incent consumers without giving away gross margin

Similar systems are available from iSign, MobileGreeter, ComQi, YCD and others and it is clear that mobile marketing platforms such as FourSquare, Bee Marketing and others can/will integrate message presentation display into the mobile ecosystem. [Digital Signage Expo](#) (March 5-9, Las Vegas) and [Customer Engagement Technology World](#) (March 28-29 San Francisco) could be expected to feature these display/mobile/analytics multi-channel systems prominently.

Retail and technology: Retail is focused on providing people with what they need and want including products, goods-related services and experiences. It is a highly competitive industry given the effects of the economic climate, consumer preferences, supply chains and technology upon it. Customer satisfaction and retention are the top strategic initiatives for retail notes a Retail Horizons Benchmark study which reflects that loyalty programs, group buying, localized coupon offers and transparent price comparison are increasing competition among retailers.

The retail sector is similar to manufacturing, distribution, health care and financial services in having used digital technologies to gain operational efficiencies. But the retail sector poised as no other industry to exploit digital technologies for sustainable revenue growth through its use of digital technologies for customer relationship management and business analytics. Technology investments are the second largest expenditure by retailers behind inventory according to 2011 report Retail Horizons: Benchmark 2010. Retail and technology are natural partners – not just because of the symbiotic “win-win” relationship, but because each industry is continuously reinvesting and refining itself to better serve its clientele.

Charles Darwin said, “The fittest win out at the expense of their rivals.” On that theme, the retailers and brands that exploit the enabling value of technology will have the competitive edge.

A large audience was held spellbound during airing of the 5-minute video by Corning called “A Day Full of Glass” aired by Mitch Joel, author of “Six Pixels of Separation.” See the video at http://www.youtube.com/watch?v=6Cf7IL_eZ38 .

“Retailers are living in hell because of the uncertainty, constant focus on cost, benefits and testing, and because of the options available to them” declared Joel. He added “Retailers that are daunted by options will fail due to death by analysis paralysis”.

Joel continued, “At this point, successful retailers have already moved forward with digital strategies and have embraced multi-channel. They are looking to new ways where “digital” can increase insights, engagements, loyalty and brand-building.”

Engagement - “Bricks, Clicks and Picks”. 70% of Americans shop multi-channel including in-store, online and mobile. Retailers and brands are responding with a shift from transactional to experiential marketing, while assuring maximum “fidelity” – consistent brand messaging. The paradigm shift is occurring from multi-channel to “omni-channel” engagement, which reflects the melding of the engagement experience between the retailer/brand and the consumer.

Digital in-store media bridges “bricks” - the physical environment, “clicks” - online information and commerce, and “picks” - consumer selection and its influencers. It also turns “presence” into engagement.

71% of retail executives say that shoppers want a meaningful experience with the sales associate as brand ambassador with strong product knowledge and the ability to upsell and cross-sell for greater customer satisfaction and loyalty, according to a Deloitte industry survey.

Many presenters spoke of the need to improve their advertising plans to shift media buying investment away from “renting eyeballs” and into owning audiences. Many retail executives, including Lauren and Bonnie Brooks reinforced the priority of shifting to “brand demand” messaging from “brand awareness” involving more experiential and social media.

Experience has shown that when retailer use displays technologies for both customer and staff-facing messaging, revenues are maximized. In retail categories such as technology, cellular and sporting goods in which associated-assisted sales are significant, digital in-store media provides and reinforces value while queuing associate assistance.

This direction encompasses linking “bricks, clicks and picks” to assure that customers receive a seamlessly shopping experience between physical locations, online and mobile.

By showcasing product range and attributes using more advanced in-store digital presentation and interactive media, retailers look to exciting brand perception and the selection and purchase location.

Digital In-Store: “It is not about advertising,” noted Mitch Joel, “It is about publishing messages, information and stories to the world – or those in it that you most want to engage with and with you”.

Digital in-store media is a transition from passive marketing to more successful active marketing he indicated, adding that Digital and analytics are a “bolt-on” utility. It can typically be added to existing infrastructure and available space, and can deliver immediate results and insights. It is a high payback medium.

Joel characterized broadcast medium of TV and print as passive, detached and physical in comparison to the active, connected, virtual and high engagement characteristics of interactive media.

Analytics & in-Store Media: Several presenters asked in show of hands survey “how many of you have seen the movie “Moneyball.” The 2011 movie recounts the transition of professional baseball to an analytics driven industry. A quote by Mickey Mantle starts the film – “It’s unbelievable how much you don’t know about the game you’ve been playing all your life.”

Analytics serve to validate investment and optimize campaigns and digital media content related to target audiences toward better communications spending and improving the productivity of retail floor space.

Metrics help to define and refine business objectives, move beyond “the technology” into its application and allows initiatives to be made into “chewable bites”.

Workforce analytics and predictive modeling are of growing priority.

A massive transition to analytics and the integration of analytics into operations is expected. Consumer engagement is a “moneyball” world in which analytics drive investment decisions.

This transition to operationalizing analytics recognizes that information is powerful and uses the levels of abstraction of analytics to gain insights as these grow from data to statistics, information and knowledge toward wisdom.

Story-telling: “Digital innovations is unleashing business, technology and systems” said David Lauren, Executive Vice President of Advertising, Marketing, and Corporate Communications of Ralph Lauren Corporation. “Our success is anchored in “merchant-tainment” – the seamless blending of merchandising and story-telling”. Lauren outlined how story-telling with images and visuals is manifested in Ralph Lauren branding and merchandising by creating lifestyle aspiration and presenting how this could be fulfilled by Ralph Lauren offerings. Story-telling leads audiences to question “what happened?” and “what if?,” which beg engagement with the brand.

Story-telling has been a staple of TV that was transposed onto still imagery and therefore into print (think fashion magazine ads) and more recently onto websites. “The retail community priority of story-telling is to reinforce the brand in the store,” noted Lauren. This is well served by digital media that can present images beautifully and trigger mobile, audience-of-one engagement. “A flat screen” said Lauren “should not scare someone away or discount the excitement or value of a product, but engage and excite the consumer through the message. Excitement happens by reaching an audience of demographic and psychographic profile with images, messages and stories that resonate with and inspire them.”

In-store display content can include a wide range of messages that inform and influence. Increasingly, dynamic signage content presents Accuweather or uses links to databases, point-of-sale or other internal systems to make content interesting and relevant.

Talent: “The successful retail model focuses on technology, engagement and talent,” said Bonnie Brooks, President and CEO of The Bay (Hudson’s Bay Company). The 3000 NRF delegates who attended her keynote address took notice that The Bay is the oldest retailer in the world, and applauded The Bay’s accomplishment of the best sales increase in December of any retailer in North America. She echoed other speakers on the importance of technology, engagement and talent.

Digital media networks have been used for staff communications and development for many years. Digital media providers such as Hughes, Microspace, Broadcast International and others deliver a strong value proposition to retailers looking to cost-effectively train and motivate staff.

The increased use of digital media for customer messaging has often incorporated the use of the infrastructure for staff communications and development.

The retailer focus on their “talent” naturally looks to leveraging marketing communications capability. This multi-use of in-store media for consumer, management and staff communications points to a higher value proposition and

ROI from digital media investment.

Outlook: Retailers are taking a “big picture” view to the 5W’s (who, what, where when why) for technology enabled branding and revenue achievement. They are focusing in particular on the “why” while simultaneously defining and refining their corporate directions, positioning and goals.

Digital In-store media indeed does work in achieving business, communications and engagement goals. But because of the time and investment required, it must be scalable, providing return on investment ultimately at the enterprise level for brand and loyalty building, not just benefits at the transaction level.

Anu Gulta, VP Process and Profit Improvement of Michaels summed up the sentiments of NRF delegates well with the following four priorities of all retail activities and investments:

- Enhance the brand.
- Increase consumer reach and loyalty
- Gather and act on insights
- Drive multi-channel engagement.

NRF was very exciting when viewed through the lens of digital media. Strong vendors are engaging with innovative retailers and the analytics that underpin digital media are helping to validate digital media investment. 2012 could be expected to be a year of retail sector advancement with and through digital in-store media.

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