

Store Operations

SUPERSTAR AWARDS 2016



retail
TouchPoints®

10 RETAILERS WIN STORE OPERATIONS SUPERSTAR AWARDS



Store operations strategies can make or break a retail company today. In an exceedingly connected, omnichannel marketplace, store operators must balance immediate on-the-ground needs with multi-channel expectations.

In our fifth annual **Store Operations Superstar Awards**, *Retail TouchPoints* is recognizing companies that have implemented the most innovative, successful store operations strategies. They run the gamut from Tier 1 department store and home electronics companies to smaller specialty retail businesses. This year we've separated the winners into four categories:

- Inventory Optimization/Loss Prevention
- Customer Engagement
- Mobile Strategies
- Workforce Management

The categories and corresponding winners are as follows:

INVENTORY OPTIMIZATION/LOSS PREVENTION

- ☆ **GOLD:** lululemon
- ☆ **SILVER:** DICK's Sporting Goods
- ☆ **BRONZE:** The Original Factory Shop

CUSTOMER ENGAGEMENT

- ☆ **GOLD:** rue21
- ☆ **SILVER:** PetSmart
- ☆ **BRONZE:** Best Buy

MOBILE STRATEGIES

- ☆ **GOLD:** Talbots
- ☆ **SILVER:** Macy's
- ☆ **BRONZE:** U.S. Cellular

WORKFORCE MANAGEMENT

- ☆ **GOLD:** Mt Olympus Water and Theme Park Resort

We hope you will join us in congratulating these retail innovators!



Debbie Hauss

Debbie Hauss
Editor-In-Chief

STORE OPERATIONS SUPERSTAR AWARD WINNERS



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LULULEMON USES RFID TO IMPROVE THE GUEST EXPERIENCE

With the implementation of an RFID solution, lululemon sought to solve operational pain points such as inefficient restock reports, time-consuming transfers, and tedious shipping processes.

To date, RFID has been rolled out to all 300 North American stores; and it may be expanded to its international market and to ivivva, their sister company for youth. In addition, lululemon will evaluate how they can leverage RFID to conduct inventory counts in its Distribution Centers as well as leverage the technology to further personalize their guests' shopping experience within the store.

Key objectives of the initial implementation included:

- Ensure all inventory available in the store was optimally represented on the store floor through real-time replenishment.
- Establish a foundation of accurate real-time inventory available to satisfy guests' needs across stores, including leveraging store inventory for omnichannel order fulfillment.
- Implement a streamlined, cost-effective RFID tagging process at the manufacturing source, to ensure the product arrives at the distribution centers with RFID tags attached so that the goods can be handled less and quickly processed.

Working with Tyco Retail Solutions and Avery Dennison, lululemon launched a two-year, two-store pilot that expanded to 12 stores. Unlike other typical RFID pilots, lululemon chose to convert the entire store's inventory and processes over to RFID. The DC reworked 100% of the pilot stores' products with RFID. At the onset, inventory accuracy increased to 98% — a significant improvement.

Lululemon realized the following key benefits from the RFID solution:

- Reduced labor hours in store spent on restocking and inventory processing.
- Increased revenues now that all product availability is maintained on the sales floor through automated replenishment and real-time inventory.
- Increased guest experience and guest/educator interaction.
- Increased educator experience, changing how educators restock at the end of the night, moving away from a manual call-and-answer restocking process.



INVENTORY MANAGEMENT/ MERCHANDISING

Gold Winner



lululemon  **athletica**



BRANDS-STORE BANNERS:

lululemon athletica



NUMBER OF STORES:

300+ (global)



ANNUAL REVENUE:

\$2.06 billion



WEB SITE:

www.lululemon.com

IP VIDEO SURVEILLANCE CUTS LOSSES FOR DICK'S SPORTING GOODS

DICK's use of IP video surveillance chainwide offers numerous benefits and advanced capabilities that analog video cannot provide. An early adopter in 2008, the retailer has been installing IP video in all new stores ever since. DICK's launched a Loss Prevention (LP) analytics department, focusing initially on merchandising and allocations to fuel better business decisions.

Having this new capability revolutionized the way the retailer looks at and report data, and how the company allocates financial resources to combat shrink. For example, instead of attacking baseball gloves as a high-shrink category, DICK's can leverage actionable data to get very surgical and protect the exact premium brands and/or the specific price points that are most impacting shrink.

More importantly, DICK's can target specific areas relevant to individual stores, districts and regions. This strategy has made LP more efficient, with significant ROI justification. Using video and POS analytics has given the LP team a greater value proposition than just catching dishonest employees.

As an early adopter, DICK'S is making a major capital investment in Tyco's Sensormatic Synergy storefront detection system, which combines Acousto-Magnetic (AM)/RFID technology in one network ready pedestal for the best of AM technology with RFID-enabled inventory and shrink visibility.

Additionally, by investing in RFID technology with the Sensormatic Synergy detection system, retailers' innovative use of RFID technology for LP also supports much bigger companywide strategic omnichannel initiatives and store fulfillment strategies. For example, with RFID, DICK's LP is solving a unique problem in protecting highly regulated ammunition and guns.

As LP shows management the benefits of RFID, DICK's will evaluate other categories in an effort to make buy online, pick up in-store a reality, and to improve inventory accuracy to 99%. LP is aligning department goals with the company, focusing on sales and the customer experience, not just shrink reduction. In this way LP becomes a more valuable player in the corporate structure.



LOSS PREVENTION

Silver Winner



BRANDS-STORE BANNERS:

DICK's Sporting Goods



NUMBER OF STORES:

649



ANNUAL REVENUE:

\$6.8 billion



WEB SITE:

www.dickssportinggoods.com

THE ORIGINAL FACTORY SHOP BOOSTS GROSS MARGIN 8% WITH ENTERPRISE BI

Founded in 1969, The Original Factory Shop (TOFS) currently operates more than 200 stores around the UK with a store format that includes thousands of products in a full range of styles, sizes, and colors. To keep prices low, TOFS must rely on careful inventory management and strict margin control.

In late 2014, TOFS recognized that their legacy merchandise management system was constraining their business by hindering their ability to react to changing market conditions and implement new ideas. The retailer needed a solution that would not only support the volume and diversity of inventory, but also would allow TOFS to gain a new level of insight into daily and monthly business transactions. Most importantly, the retailer needed a merchandising solution that could be implemented in months versus years in order to minimize the risk of disruption to the business.

TOFS selected the Mi9 Retail merchandising and business intelligence solution, Mi9 Merchant, to replace the legacy infrastructure. Implementation began in early 2015. The new merchandising system went live in less than 8 months, in time for the 2015 holiday season. A year later, TOFS has realized an 8% improvement in gross margin on SKUs being managed by the new system. The company also has seen the number of store departments with Stock Cover greater than the optimal number of days decrease by 44%.

Today, the team has access to real-time dashboards and compelling data visualizations that make the information informative and actionable. TOFS is now able to calculate Net Sales Retail, Net Sales Cost, and Closing Inventory at Cost, all by Store, SKU, and Day. The company is measuring Gross Margin Return on Inventory, Gross Margin Return on Footage, and even Gross Margin Return on Labor.



INVENTORY MANAGEMENT

Bronze Winner



THE ORIGINAL FACTORY SHOP



BRANDS-STORE BANNERS:

The Original Factory Shop



NUMBER OF STORES:

200



ANNUAL REVENUE:

\$50 million



WEB SITE:

www.tofs.com

RUE21 CREATES PERSONALIZED CUSTOMER EXPERIENCES WITH CRM UPGRADE

Following a bankruptcy filing and reorganization, rue21 set its sights on growth and never looked back. Today following a retooling of its store operations technology systems, rue21 is squarely situated to enable seamless and rewarding experiences for its growing customer base and retail associates. In one year rue21 successfully executed five major customer engagement technology initiatives — all while the company has experienced a meteoric growth rate, opening and relocating an average of 100 stores per year.

In the past year alone, rue21's in-store technology initiatives have included launching a new store- and district-level analytics implementation, a substantial upgrade of its Point of Sale system, as well as the launch of a new CRM solution. These new platforms come on the heels of the launch of a new e-Commerce platform and the retailer's expansion via the launch of two new businesses — its rue+ line — which the company has grown to a 250+ store-within-a-store footprint, as well as its rue décor business.

The new technology platforms are ensuring rue21 has the in-store operational savvy to provide an exceptional customer and associate experience. Previously, all transactional activities in the store were tied to the register, providing associates with little to no mobility. Today, Aptos Store (Point of Sale) provides rich customer transaction history, enabling associates to personalize customer interactions, and more store operations capabilities continue to be integrated.

With Aptos CRM in place, rue21 now has the ability to identify, profile, segment, engage, motivate and reward each customer by creating personalized, consistent customer experiences across channels. These experiences will drive visits, sales, enhance loyalty and nurture campaign effectiveness.



CUSTOMER ENGAGEMENT

Gold Winner



rue21®



BRANDS-STORE BANNERS:

rue21



NUMBER OF STORES:

1,200



ANNUAL REVENUE:

\$1 billion+



WEB SITE:

www.rue21.com/store/

PETSMART PUTS LEASH ON STORE TRAFFIC

In 2016, PetSmart, a specialty retailer dedicated to pets and pet parents, recognized a lack of visibility into store traffic patterns. Essentially, staff schedules were out of sync with shopper behavior. And due to the ever-evolving, highly competitive retail landscape — where well-staffed stores directly encourage sales, satisfaction and loyalty — PetSmart struck out to find a reliable, accurate people-counting solution that would allow them to optimize scheduling.

Traffic information allows retailers to effectively schedule store associate staff, drive conversion, drive performance, and ultimately provide a better customer experience. Without it, retailers are left guessing about everything from labor scheduling to merchandising. “We lacked visibility to understand the number of individuals coming in and out of PetSmart’s doors,” explained Dustin Baldwin, Senior Director of Project Management and Process Improvement. “We did not understand our customers’ shopping patterns, which affected labor scheduling. Our associates’ schedules weren’t in sync with traffic patterns, especially as those patterns change throughout the seasons. For example, we understand that we experience a morning rush on Black Friday when the doors open, but we also need to monitor secondary and tertiary increases in traffic throughout the day.”

After extensive market research, PetSmart elected to roll out ShopperTrak’s People Counting & Conversion solution. The rollout was across the entire chain (1,450 stores) and occurred in approximately three months. Choosing the solution involved departments across the enterprise including store operations, IT, real estate and customer experience/marketing, because traffic data is vital to every part of PetSmart’s business.

Because each PetSmart store is unique, the rollout required a tailored approach. Further, PetSmart was able to generate organization-wide buy-in for the use of traffic data.



CUSTOMER ENGAGEMENT

Silver Winner



PETSMART



BRANDS-STORE BANNERS:

PetSmart



NUMBER OF STORES:

1,450



ANNUAL REVENUE:

\$7.1 billion



WEB SITE:

www.petsmart.com

BEST BUY LEANS ON SUPPLIER PARTNERS TO IMPROVE THE STORE EXPERIENCE

Best Buy works closely with its supplier partners to improve the in-store customer experience. To showcase the latest technology advances in its televisions, including HDR (High Dynamic Range) and 4K Ultra HD resolution quality, LG deployed Experience Walls early in 2016 in nearly 400 Best Buy stores. In addition to showcasing the brand's products, the displays feature interactive elements, including a tablet-based controller, and the ability to extend the conversation beyond the store visit. Shoppers can use a virtual keyboard to type in comments such as "I want to hear more about this product when I leave the store." LG experts are available in-store to answer shopper questions on the spot.

The benefits of this implementation include:

- Centralized network control of the Experience Wall provides alerts when a TV has become unplugged or is showing a blank screen in any of the Best Buy locations, allowing it to be quickly fixed/turned on;
- Experience Wall's flexibility means it can be helpful to consumers conducting various types of store visits, e.g. browsing, learning and buying.
- Use of digital displays helps "tell the story" and visually demonstrate the differences/benefits of various new TV technologies.

Best Buy also features Samsung Experience shops in many of its stores. In the shops, Samsung products, such as smartphones, tablets and wearables, are displayed, demonstrated and sold by well-versed associates. In addition, Samsung dominates in many locations with product offerings that go beyond electronics — 630 stores have special shops that feature 4K TVs and 225 stores feature Samsung appliances.



CUSTOMER EXPERIENCE

Bronze Winner



BRANDS-STORE BANNERS:

Best Buy



NUMBER OF STORES:

1,050



ANNUAL REVENUE:

\$42.6 billion



WEB SITE:

www.bestbuy.com

TALBOTS CLIENTELING INITIATIVE IMPROVES ASSOCIATE-TO-SHOPPER EXPERIENCES

In August 2016, Talbots began a rollout of the Concierge initiative, an integrated mobile clienteling, assisted selling and MPOS application that is designed to help Talbots in-store retail associates enhance customer relationships and the in-store shopping experience. Concierge integrates with more than eight enterprise and vendor sourced applications to offer a consolidated view of data about customers and products to the Talbots associate.

Leveraging iPads and touchscreen POS terminals to access customer information such as attributes (sizes, loyalty information, etc.), past purchases and customer notes, Talbots associates can quickly begin a customized shopping experience with their customers. If an item the customer is looking for is not in store inventory, the associate can search for the item in the Talbots product catalog, add it to the customer's in-store purchase and have the order placed to ship to the customer at checkout.

The Concierge application (developed by Mad Mobile) also provides Talbots associates the opportunity to email customers directly from the application. This feature allows customers to receive a link to products that they want

to consider for a future purchase and provides Talbots associates the opportunity to easily email a thank you note to customers after a shopping trip. Practically, this integrated email functionality allows Talbots to more easily share iPads among store associates, saving on device costs.

The implementation of the Concierge initiative is intended to accelerate Talbots' ongoing strategy to strengthen and grow customer relationships. By providing Talbots associates integrated access to customer information and contact mechanisms like email, associates can more easily remain in contact with key customers who have an interest in working with specific associates. Concierge leverages Talbots' enterprise CRM system and allows associates to access pre-defined segments of their customers, which aids them in helping to personally promote in-store events and promotions.



MOBILE
Gold Winner



TALBOTS
Established 1947



BRANDS-STORE BANNERS:

Talbots



NUMBER OF STORES:

520



ANNUAL REVENUE:

\$1.1 billion



WEB SITE:

www.talbots.com

ARTIFICIAL INTELLIGENCE IMPROVES CUSTOMER SERVICE AT MACY'S

Macy's created an in-store shopping assistant powered by IBM Watson. The artificial intelligence (AI) solution, called Macy's On Call, is a mobile web tool designed to help shoppers get information as they navigate through stores. Customers input questions in natural language — asking where they can find specific products, departments or brands, and what services/facilities can be found in a specific store. Macy's On Call delivers feedback in real time so customers can have a smooth and enjoyable experience.

The solution will help shoppers by:

- Creating a more immersive store experience that delivers relevant and contextual information;
- Using natural language tech, allowing consumers to have a natural conversation with the tool;
- Allowing shoppers to use their smartphones to find information while they're on the go;
- Providing seamless and scalable great service without an associate being in close proximity; and
- Offering the ability to answer some frequently asked questions in a fast, self-service way (appealing to consumers 'I want it and I want it now' mindset).

"At Macy's, we remain focused on identifying, testing and supporting new ideas and approaches that will help elevate service to our customers through technology," said Peter Sachse, Macy's Chief Growth Officer in a statement. "This program, in partnership with Satisfi and leveraging the power of IBM Watson, will help us explore new ways to engage one-on-one with customers in-store, providing them another level of service right at their fingertips."

Ten locations were chosen for an initial test, with five acting as base learning stores. In five stores the tool is serving as a customer-led self-serve initiative, while the other five have an additional feature that enables shoppers to request assistance from a Macy's associate in person as well.



MOBILE

Silver Winner



★ macy's



BRANDS-STORE BANNERS:

Macy's



NUMBER OF STORES:

769



ANNUAL REVENUE:

\$27.1 billion



WEB SITE:

www.macys.com

U.S. CELLULAR SAVES TIME, IMPROVES EFFICIENCY WITH MOBILE APP

U.S. Cellular needed a fast and reliable way to ensure stores were getting what they needed to perform at a high level. The retailer needed a more efficient alternative combing through dozens of regional spreadsheets. After implementing the AccuStore mobile app, U.S. Cellular executives can access information about any store 24/7. They can see, at a glance, the last time someone from the above-store team walked the store, how many hanging signs to order for each window, if compliance was met — even the last time a vendor serviced the air conditioning.

Results were quick: The solution offers real-time data sharing, which eliminated the uncertainty of dated spreadsheets. It helps save time at both the corporate and store level. Corporate can shoot a quick, three-question survey to stores to gather needed information. This frees up store personnel to spend more time with customers.

The second benefit U.S. Cellular noticed was how the site profiling technology simplified communication. Instagram-like photo sharing of store conditions speaks volumes — without the need to write (and read) volumes. It allows U.S. Cellular to drive efficiency. Now the retailer can determine precisely what each store needs for efficient operations, from equipment to fixtures to marketing material.

The third benefit revolves around inventory optimization. Now there is no more overage from over-ordering.

The internal app streamlines:

- Retail audits and store walks;
- Store profile management;
- Field task management;
- Marketing and merchandising execution;
- Superior administration of store assets; and
- Loss prevention equipment upkeep.



MOBILE

Bronze Winner



BRANDS-STORE BANNERS:

U.S. Cellular



NUMBER OF STORES:

1,000+



ANNUAL REVENUE:

\$3.9 billion



WEB SITE:

www.uscellular.com

MT. OLYMPUS RESORT SLASHES ADMIN TIME WITH SAAS SOLUTION

Prior to implementing a SaaS-based single application for WFM, pay, recruiting and benefits, Mt. Olympus was operating on several different systems and scheduling a disparate workforce (i.e. various hotel vs. theme park employees who started and ended their shifts at different locations) manually. For instance, departments were entering time cards into spreadsheets that would then be sent to the CPA firm to feed into payroll. As a result, Mt. Olympus lacked overall scheduling and productivity visibility across the company, and the ability to accurately report on labor spend.

Overall initiative/objectives for the implementation included:

- Enhance workforce productivity, communication and overall engagement and by extension, customer service;
- Manage labor compliance (i.e. ACA);
- Better leverage payroll spend;
- Provide intelligence via accurate reporting to make better business and staffing decisions;
- Minimize overall management administrative efforts in regards to payroll and time and attendance; and
- Ease of use, convenience/accessibility and transparency.

By deciding to move to a fully automated WFM system (scheduling and timekeeping from Dayforce Workforce Management), Mt. Olympus provided their employees (front line operational and hospitality staff and managers alike) with direct access to their schedules and time cards from any Internet-enabled device, including mobile.

Since deploying SaaS-based WFM technology in synch with pay, benefits and recruiting/HR (i.e. onboarding) capabilities, HR and pay departments have slashed their administrative time significantly, and managers are spending less time on the computer, investing more time on employees, customers and delivering on the Mt. Olympus water and theme park experience. With SaaS-based WFM providing relevant and real-time information in synch with other HCM functions, Mt. Olympus has access to accurate and timely reports.

An estimated 750 employees use the WFM mobile application to communicate with colleagues, connect with the company and manage a healthy work-life balance.



WORKFORCE MANAGEMENT

Gold Winner



BRANDS-STORE BANNERS:

Mt. Olympus Water and Theme Park Resort



NUMBER OF STORES:

12



ANNUAL REVENUE:

N/A



WEB SITE:

www.mtolympuspark.com



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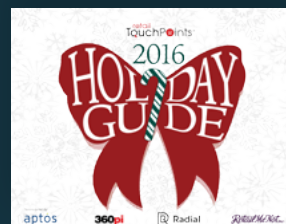
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