

RETAIL TOUCHPOINTS

Superstar Awards

2017

retail
TouchPoints®



10 Retailers Win Store Operations Superstar Awards

Retailers are upping their game when it comes to store operations in 2017 and beyond. Facing an increasing number of bankruptcies and store closings, retailers must focus on new digital strategies, omnichannel approaches, employee motivation and a better overall customer experience.

In our sixth 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 stores to specialty retail businesses.

The categories and corresponding winners are as follows:

DIGITAL INNOVATION

Gold: Walmart
Silver: Neiman Marcus

WORKFORCE MANAGEMENT

Gold: Lindt Chocolate
Silver: E&H Family Group

LOSS PREVENTION

Gold: 7-Eleven

STORE FORMAT INNOVATION

Gold: Target
Silver: GameStop

CUSTOMER ENGAGEMENT

Gold: Big Lots
Silver: Cabela's

INTERNAL OPERATIONS

Gold: Under Armour

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



Debbie Hauss

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Editor-in-Chief

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DIGITAL INNOVATION: WALMART

Store Innovations Help Walmart Battle Challenges From Amazon ✨

Walmart continues its fight against Amazon by focusing on not only e-Commerce but its brick-and-mortar stores as well. In Q2, the retailer saw store traffic grow by 1.3%, which it has achieved through enhancing the in-store shopping experience with new innovations and strategies, all revolving around convenience.

Walmart's latest strategies and store upgrades include:

- The addition and expansion of BOPIS pickup towers, self-service kiosks added to "save customers time in addition to money," according to Walmart spokesman Justin Rushing.
- Walmart Online Grocery Pickup, where more than 30,000 items (including produce, meat, seafood, bakery items and beauty products) can be ordered online and picked up for free at a participating store.
- Offering pickup discounts for select merchandise purchased online.
- Partnering with Google to offer voice-activated shopping.
- The upcoming arrival of a Mobile Express Returns service, which will allow customers to return items purchased online by clicking on the transaction and product in question within the Walmart app.

Walmart is rolling out a fleet of shelf-scanning robots in more than 50 U.S. stores. The approximately two-foot-tall robots come with a tower that is fitted with cameras that scan aisles for out-of-stock, mispriced, mislabeled and misplaced items.

Fear not...these robots aren't designed to replace store employees, or affect the employee head count in stores. Instead, these robots will pass the data they gather to store employees, who then can restock the shelves and fix errors.

Store employees only have time to scan shelves approximately twice a week, according to Jeremy King, Chief Technology Officer for Walmart U.S. and e-Commerce. The robots are 50% more productive than the human workers and can scan shelves significantly more accurately, and three times faster.

The robots are the latest of Walmart's recent store enhancements, which have gone hand-in-hand with the retailer's e-Commerce splurge. Walmart has invested in various in-store services in 2017 such as [grocery curbside pickup](#), [in-store order retrieval](#) and [in-store order pickup discounts](#).

Walmart 

DIGITAL INNOVATION

 **Brands-store banners:** Walmart

 **Number of stores:** 11,695

 **Annual revenue:** \$485.87 billion

 **Web site:** www.walmart.com

Neiman Marcus Stays On Top Of Innovation After 110 Years In Business ✨

With an Innovation Lab (iLab) team of one, [Neiman Marcus](#) has embarked on a number of successful, and some unsuccessful, new technology initiatives over the last several years.

This year the Neiman Marcus iLab is working on several new projects, including the Luxottica Sunglass mirror and an update to the Memory Mirror — a project that was delivered from paper concept to deployment in six weeks. Scott Emmons, Head of the Innovation Lab, told Retail TouchPoints during a video interview. The retailer also is adding a similar capability in its beauty/makeup department.

In January, Neiman Marcus announced that “we are partnering with Teatro for IoT in-store communications,” designed to tie Last Call associates together across the 40+ stores. Emmons also is interested in looking into virtual try-on: “I think it’s finally come of age.”

Later in 2017, Emmons shared news about the new [Snap. Find. Shop.](#) feature of the Neiman Marcus mobile app, allowing shoppers to take a photo of a product, then view and purchase the item and/or similar items in real time.

Virtual Reality is still in the experimental phase at Neiman Marcus. “It’s not likely that core Neiman Marcus customers will strap on VR goggles,” said Emmons. “Maybe when the technology is like putting on a pair of eyeglasses, we may have something. But as long as you continue to look like Darth Vader, probably not. We want to do some low-cost experiments with it, because when the tech is ready, we don’t want the train to pass us by, but augmented reality (AR) is much more interesting to us in the near term.”

[Emmons](#) shared his viewpoints on how the iLab helps a 110-year-old brand stay competitive in today’s challenging digital environment in an interview with Ernan Roman on ERDM. “Given the ever-increasing speed that change and new technology is being introduced, it is only natural that the business has had to adapt to meet this challenge. Removing the internal silos allows us to be better and faster at delivering a cohesive and compelling experience to our customers. It allows us to bring the right resources to the never-ending circle of evaluating, experimenting, learning, and refining how we deliver value to our customers. The iLab can quickly deliver technology that enables new surprise-and-delight moments to the customer.”

Neiman Marcus

SILVER

DIGITAL INNOVATION

-  **Brands-store banners:** Neiman Marcus, Last Call, Bergdorf Goodman, Horchow, mytheresa, THERESA
-  **Number of stores:** 86
-  **Annual revenue:** \$4.95 billion
-  **Web site:** www.neimanmarcusgroup.com

LOSS PREVENTION: 7-ELEVEN

7-Eleven Enhances Security And Store Operations 24/7 With Digital Video

Convenience store asset protection differs from other retail, especially at a 24/7 operation like 7-Eleven. With a small footprint and easy access, 7-Eleven faces issues like armed robbery, shoplifting and "grab and go." Operations issues include food safety/freshness, tobacco regulations and environmental challenges with selling gasoline.

The retailer's Asset Protection (AP) team had to uniquely assess its stores to provide on-the-go customers with a convenient, safe and welcoming shopping experience. 7-Eleven also needed an exception-based reporting system to mine data to support the business and help drive decisions. In North America, 1,000 customers visit an average store per day. To fit its business, AP built a four-pillar strategy based on revenue assurance, inventory variation control, incidents & investigations, safety & AP awareness, to improve store performance while investing in innovative solutions, including:

- Integrated exception-based reporting & case management system to track incidents;
- Real-time digital video solution to keep customers & employees safe;
- Remote access systems to measure traffic, shopper dwell time & customer analytics;
- Interactive video services to count shopper traffic & secure stores;

- Fire & intrusion systems with video & remote monitoring for building security; and
- ClickIt Inc. Virtual Lineup technology to help identify theft offenders through electronics they might be wearing during a crime.

7-Eleven engaged the Tyco Retail Solutions team who completed the North America rollout of 5,000 stores in a 9-12 month period while all stores remained open for business 24/7.

The digital video system helped drive an uptick in sales and decrease in shrink. The cameras and people counting analytics provided a new level of store and shopper intelligence. 7-Eleven is deriving valuable data from a total integrated approach to protect stores and improve operations. By using the new digital video technology platform, AP has helped make 7-Eleven safer and more profitable.

◆ **The digital video system helped drive an uptick in sales and decrease in shrink.**



7-ELEVEN®

GOLD

LOSS PREVENTION

 **Brands-store banners:**
7-Eleven

 **Number of stores:**
63,000 stores in 19 countries, including 10,900 in North America (licensed or franchised)

 **Annual revenue:** N/A

 **Web site:** www.7-eleven.com

CUSTOMER ENGAGEMENT: BIG LOTS

Big Lots Tracks Shopper Activity, Workforce Data With Advanced Analytics

Today, physical retailers have a significant amount of data at their fingertips; and yet identifying the most valuable data sets and using them to make decisions are two of the greatest challenges facing brick-and-mortar retailers. With more than 1,430 stores in 47 states, Big Lots, a unique, non-traditional discount retailer is an example of how to effectively leverage business intelligence solutions in order to make data-backed decisions and drive business success.

Big Lots maintains a nearly consistent conversion rate and average transaction size across stores. Sales-per-shopper, however, represents a significant opportunity for the brick-and-mortar retailer. In order to influence their sales-per-shopper metric, Big Lots chose to integrate its traffic, sales and additional data sets into ShopperTrak's analytics platform.

By combining the various data sets into a single, customizable platform, the retailer was able to more easily identify gaps and capitalize on opportunities. Specifically, Big Lots became heavily focused on optimizing labor and the presence of associates on the floor. Whether a retail associate is actively engaged with customers, busy restocking or operating the register, they are fundamentally driving revenues. And so Big Lots shifted their approach, placing store managers on the floor versus in the back.

Big Lots also closely dissects data to determine the optimal place for employees to spend time in order to better assist customers and drive sales. The impacts of these efforts enable Big Lots to address its goals in a strategic manner.

Big Lots made a conscious decision to ingrain the importance of data in the organization. Executives all the way to store managers receive daily reports featuring traffic, sales and additional data. To further these efforts, Big Lots engaged ShopperTrak for its customized scorecards, which set store-level goals that are tailored for individual locations. Those scorecards enable managers to not only track results but empower them to adapt their strategies based on data. The results include happier store-level employees who are both results-driven and well equipped to improve store performance.

◆◆ **Big Lots became heavily focused on optimizing labor and the presence of associates on the floor.**

**BIG LOTS!****GOLD**

CUSTOMER ENGAGEMENT

 **Brands-store banners:** Big Lots

 **Number of stores:** 1,493

 **Annual revenue:** \$5.19 billion

 **Web site:** www.biglots.com

CUSTOMER ENGAGEMENT: CABELA'S

Cabela's Streamlines Customer Feedback With Smartphone Video ✦

Cabela's wanted to find a simple way to boost its customer feedback response rate. The personal interactions between customers and the "Outfitters" that staff the stores are a key point of differentiation for the retailer, as they provide expert advice about fishing, hunting, boating and all types of outdoor activities. Cabela's worked with [InMoment](#) to allow shoppers to record feedback videos on their phones, and boosted response rates from a 0.1%-0.2% range to nearly 2%.

"We were able to get immediate responses from customers and directly 'ping' the store management team about product, what we're missing, what we could do better, or to recognize what we are doing well," said Paul Stone, SVP and Chief Retail Officer at Cabela's.

Additionally, InMoment provides store managers with a dashboard that gathers the audio and video comments, with sorting mechanisms for recent comments, top themes and scores of vital metrics.

The retailer also leverages the [Brand Live](#) platform to send product videos to the Outfitters' mobile devices, so that they stay up to speed on new features and

key selling points. Cabela's works with the suppliers to ensure the videos are informative and stay within specified "guardrails," according to Stone. "It's all about the WIN philosophy, What's Important Now, and getting that information to the Outfitter," said Stone.

Cabela's also uses technology to keep its Outfitters both informed and connected. The retailer has deployed the [Theatro](#) solution, which offers a hands-free audio communication system. Managers can broadcast messages to the entire store staff, only those in a particular department or to a single associate. Individual Outfitters can "ping back and send messages or ask a question, and get immediate responses from the product buyer versus having to go through multiple layers of people to get an answer," said Stone.

"All our research indicates that when our Outfitters lack knowledge, that's our miss," Stone added. "Our challenge has been to quickly bring our people up to speed, so that every consumer coming into the store is going to have a really good experience with a knowledgeable Outfitter who will bring that experience to life."

The Cabela's logo is displayed in a yellow, cursive font on a white banner that has a ribbon-like appearance. The banner is set against a dark background of clothing racks.A circular silver award seal with the word "SILVER" inside, surrounded by a starburst pattern.

CUSTOMER ENGAGEMENT

-  **Brands-store banners:** Cabela's
-  **Number of stores:** 82
-  **Annual revenue:** \$129 billion
-  **Web site:** www.cabelas.com

WORKFORCE MANAGEMENT: LINDT CHOCOLATE

Lindt Chocolate Optimizes Workforce Compliance

Lindt set out to implement a cloud-based communications and task management system to improve visibility of compliance and implementation in stores, as well as to streamline communication methods to the best and most appropriate audience for each communication type.

One of the main challenges Lindt faced that prompted the search for a cloud-based communications and task management system was related to file and record version control, with live documents being stored in too many varied virtual locations. Version control issues were contributing to procedural confusion and administrative issues, slowing down response times.

After implementing the Store Ops-Center from Operus, Lindt has eliminated numerous file and record redundancies and improved communication strategy, timing and effectiveness. More than 4,500 store tickets have been resolved, 15,800 individual and store tasks completed, and 1,500 store messages distributed, all with streamlined recipient audiences, improved visibility to read-through and completion, and more efficient access to files and documents.

Lindt retail operations spearheaded the effort to implement Store Ops-Center with input from internal partners in field management, marketing, human resources, finance and quality assurance.

Very quickly, Lindt learned the power of the various features and benefits of Store Ops-Center to its retail stores. The Calendar quickly became a favorite feature of store managers, who rely on it to plan each day, week and month. The tracking features are a highly valued asset, allowing the corporate team to monitor task completion progress and message read-through, which allows field management to be more efficient and effective in managing exceptions and gives the corporate office improved insight into compliance and how best to strategize future tasks and communications.

 **Lindt has eliminated numerous file and record redundancies and improved communication strategy, timing and effectiveness.**



Lindt 

WORKFORCE MANAGEMENT



Brands-store banners:
Lindt Chocolate



Number of stores: 65



Annual revenue:
CHF \$3.9 Billion (Swiss Francs)



Web site: www.lindt.com

E&H Improves Operational Efficiencies With Cloud Solution ✨

After moving to an end-to-end cloud solution, E&H was able to improve operational efficiencies by reducing manual process times, payroll processing times and errors, while also improving upon strategic decision-making with enhanced reporting capabilities across the organization, along with actionable analytics that allow E&H senior executives and managers to make decisions based on accurate, real-time data.

E&H implemented Ceridian Dayforce Human Capital Management and reported the following results:

- **Payroll Processing** – Previously outsourced, a payroll programmer spent 20% to 30% of his time supporting two hourly employees and three payrolls. Payroll processing has since been brought completely in-house with one employee using only 50% of her time processing two weekly and one bi-weekly payroll.
- **Scheduling Efficiencies** – Real-time access to payroll allows E&H store managers to adjust employee schedules as needed. Meanwhile, employees can simply log onto the portal via any computer or smartphone to review their work schedules, submit requests for time off or trade shifts, see when they are scheduled next, track when they clocked in and review and update their time sheets accordingly.
- **Cost Savings**: E&H has eliminated licensing fees, additional hardware (server) requirements and IT support/maintenance.
- **Benefits Enrollment** – E&H can now configure plan changes required for more than 1,000 employees to complete Open Enrollment.
- **Year-End** – Previously, January was spent on W-2's with the outsourced HCM programmer. Now, both W-2's and the 1095-C are submitted in Dayforce, eliminating printing, mailing, and postage.
- **Operational Efficiencies** – Workflows in processes involving new hire and re-hire, terminations and payroll areas were improved:
 - Roles and Security features allow E&H managers to assign levels of authority for access. For example, an hourly lead role can assist with scheduling, but does not have access to rates.
 - E&H Managers have increased access to HR information and reporting that they previously needed to call the office to request.
 - E&H managers can now manage their own configuration updates, adding entities, creating reports, etc. with very little assistance, enabling management to be more self-sufficient.
 - Reporting through Dayforce HCM has eliminated tedious tasks. Managers access their own reports online that were previously printed and mailed to them.

E&H FAMILY GROUP, INC.

SILVER

WORKFORCE MANAGEMENT



Brands-store banners: E&H Family Group, Ace Hardware, Buehler's Fresh Foods



Number of stores: 35 – 22 Ace Hardware and 13 Buehler's Fresh Food stores



Annual revenue: N/A



Web site: www.buehlers.com

STORE FORMAT INNOVATION: TARGET

Target Embraces Small Format Store Concept ✦

In February, [Target revealed that it plans to invest more than \\$7 billion](#) in store renovations over the next three years. Target is set to remodel 1,000 stores by the end of 2020, an addendum to the retailer's initial decision to remodel 600 stores by 2019. CEO Brian Cornell announced the mass remodeling plan alongside news that Target's 44 small-format stores generate sales per square foot that are "easily double" that of traditional stores.

The 70+ newly remodeled stores have seen an average **2% to 4%** sales increase since being renovated, according to Cornell. Target recorded an average of \$300 in sales per square foot across all its stores, compared with at least \$600 in sales per square foot from its small-format stores. However, these stores are costlier to operate, in part because they have to take deliveries of essentials more often.

Following the recent success of drugstores, convenience stores and discount stores, Target is leveraging the small-format opportunity to cater to more mobile consumers. In fact, purchases with an urgent or instant need for a particular product [account for 61% of shopping trips](#), according to Nielsen data.

Target recently has opened 11 small-format stores, including a location in New York City's Herald Square, to bring its total to 55. The retailer plans to have 130 small-format stores nationwide by the end of 2019.

The 43,000-square-foot, two-story Herald Square location includes a CVS Pharmacy, a regular-sized beauty section, a smaller-than-normal electronics section and 16 self-checkout stations. Apparel and grab-and-go food make up a combined 40% of total sales.

✦ **Target plans to open 130 small-format stores nationwide by the end of 2019.**



TARGET



STORE FORMAT INNOVATION

 **Brands-store banners:** Target

 **Number of stores:** 1,816

 **Annual revenue:** \$69.5 billion

 **Web site:** www.target.com

STORE FORMAT INNOVATION: GAMESTOP

GameStop Reformats To Offer More Diverse Merchandise Selection ✦

In an effort to increase sales and expand its customer base, GameStop expanded its selection beyond video games, including pop culture and gaming-related collectibles. The new store concept with ThinkGeek has impacted approximately 200 GameStop stores in 2017, which now offer 50% traditional GameStop items and 50% new items.

GameStop is aiming to capitalize on the growing collectibles market, which is expected to increase from \$12 billion in 2017 to \$16 billion in 2019 — a much faster rate compared to video game sales. As part of the remodeled experience, GameStop is doubling the amount of wall space dedicated to its current collectibles section in an additional 1,200 store locations. The retailer also expanded its PowerUp Rewards platform into the Collectibles space with the launch of its Funko Insider Club, which provides exclusive benefits to the most loyal collectible customers.

In Q2 2017, GameStop saw its collectibles sales grow 36.1%, with global omnichannel sales increasing 86.2%. The retailer has established a continued commitment to its Collectibles offering, [adding a Senior VP of Collectibles in August](#) and also adding five more Collectibles stores in the quarter.

This initiative is part of GameStop's goal to generate 50% or more of its operating earnings in FY19/20 from non-physical gaming revenue streams. The Collectibles business is on track to meet its 2017 revenue target of \$650 million to \$700 million, with GameStop seeking to reach a revenue goal of \$1 billion by 2019.

"The duplication of video games is what we've always done in those bigger stores," said Bob Puzon, Senior VP of Merchandising at GameStop. "Customers were in our stores every day and we'd see a Tuesday video game launch...then we realized they'd run across the street to a collectible store or a loot store. We decided we needed to have them spend more time in our stores. There is a low-hanging fruit opportunity with that product, with the overlap of the same intellectual property (IP) in most cases, and the equation really made sense for us."

✦ **GameStop plans to generate 50%+ of operating earnings from non-physical gaming revenue streams by FY 2019/2020.**

GameStop
POWER TO THE PLAYERS™

SILVER

STORE FORMAT INNOVATION

 **Brands-store banners:** GameStop

 **Number of stores:** 6,614

 **Annual revenue:** \$8.6 billion

 **Web site:** www.gamestop.com

INTERNAL OPERATIONS: UNDER ARMOUR

Under Armour Streamlines Field Communications ✦

Under Armour (UA) was looking to streamline communications for its field team, while holding the field team more accountable. By implementing Store Ops-Center from Opterus, the retailer was able to simplify the process for the field team to ask questions and address issues; create historical communication that is easy to find for future needs; and provide a more efficient way for stores and District Managers to only receive communication that pertains to them.

Results achieved included:

- Stores are getting questions and issues resolved faster and feel more connected with HQ.
- Field management and leaders feel more informed and aware of Under Armour direction.
- When a historical event reoccurs, users can easily find the event and refer to the original communication. They can also easily review any questions/issues that were sent and clarify them in the new communication. This helps diminish questions.
- Field management can assign missions to specific managers.
- District Managers use reporting to follow up with missions and messages and hold their teams accountable.

Some of the challenges Under Armour had to address during the implementation included:

- Converting to Store Ops-Center, since Under Armour is a heavy user of Outlook;
- Teaching new behaviors on how to properly utilize the tool — especially with high retail turnover;
- Discontinuing stores reaching out directly to HQ partners or not contacting the correct partners; and
- Collecting photos from the store and being able to provide feedback afterwards, as well as being able to archive the photos.

✦ **With a new Store Ops-Center in place, Under Armour field teams are more aware of the overall company business direction.**

 **UNDER ARMOUR.**



INTERNAL OPERATIONS



Brands-store banners:
Under Armour



Number of stores: 182



Annual revenue: \$4.8 billion



Web site:
www.underarmour.com/en-us



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