

Store Operations

SUPERSTAR

AWARDS 2012





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AWARDS **2012**

Store operators are faced with numerous challenges, from employee hiring to product merchandising. As competition continues to heat up, along with pressure to hold the line on expenses, store operations executives are faced with an uphill battle.

Additionally, advances in mobile and tablet technology have created the opportunity to hire, train and retain employees more efficiently.

In its first **Store Operations Superstar Awards**, *Retail TouchPoints* is recognizing 7 companies that have implemented the most innovative, successful store operations strategies in 4 categories. The categories and corresponding winners are as follows:

WORKFORCE MANAGEMENT

Gold – Aeropostale (nominated by Ceridian)
Silver – Dollar General (nominated by Reflexis)

INVENTORY MANAGEMENT/MERCHANDISING

Gold – Macy's (nominated by Tyco Retail Solutions)

CUSTOMER ENGAGEMENT

Gold – Lowe's (nominated by EcoRebates)
Silver – Cole Haan (nominated by Epicor)

LOSS PREVENTION

Gold – BOB's Stores (internal program)
Silver – American Apparel (nominated by RetailNext)

We hope you will join us in congratulating these 7 retail innovators.

Debbie Hauss
Editor-in-Chief



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Aeropostale Improves Customer Service With Mobile Workforce Management

Using Ceridian's Dayforce SaaS-based mobile workforce management (WFM) application, 30,000 Aeropostale employees are able to instantly access to the WFM platform, real-time staffing updates to managers and employees and employee contact information via their smartphones.

"In order to maintain our culture and retain top talent, we are committed to deploying mobile technology to enable our employees to communicate, collaborate and manage their 'worklife' as efficiently and independently as possible," noted Julie Sedlock, Group Vice President of Store Operations for Aeropostale. "The mobile technology solution has ultimately lead to a more engaged workforce, improved operational performance, and has ultimately improved the overall customer experience.

Our millennial sales associates, who value flexibility and instant communication, feel valued because they are empowered to take ownership of their world of after school work," Sedlock added.



AÉROPOSTALE



AÉROPOSTALE BY THE NUMBERS

Brands-store banners: Aéropostale™; P.S. from Aéropostale™

Number of stores: 1,000+ Locations in the U.S., Canada and Abroad

Annual revenue: \$2.3 billion in net sales (as of January 28, 2012)

Web sites: www.aeropostale.com; www.ps4u.com



The mobile workforce management roll-out included the following key objectives:

- Engage staff and develop more brand ambassadors;
- Hire and retain the best: a legion of Aéro role models;
- Ensure timely, transparent and open communication;
- Streamline time tracking, scheduling and HR processes to alleviate sales staff and managers from tedious administration and renew focus on delivering superior customer service; and
- Remain compliant, flexible and forward thinking.

Previously, associates were often forced to come in to the store location to manage their schedules. Now they simply log on to the portal via their smartphone to view and manage their availability, review their work schedule, submit requests for time off and review and update their timesheet. Furthermore, the WFM mobile application gives store managers the information they need without taking time off the floor. Managers can review shift schedules and daily attendance, review and approve employee time off requests, view in-store tasks and update deliverable status and access employee contact information right at their fingertips.

In 2011, Aéropostale was declared one of the best companies to work for in the U.S. by Fortune magazine. "Ensuring employees are empowered, enjoying what they do and maintaining positive relationships with their co-workers and managers is key to our success and maintaining our reputation as a Top Employer," Sedlock said. "In a sense the WFM solution and subsequent mobile application has helped us turn more millennial sales staff into true brand ambassadors who effectively connect with customers, peers and the community and communicate Aéro's brand values and promise.



Dollar General Boosts Sales, Conversions With Workforce Initiatives

To increase employee efficiency, improve store-level execution, and align work and activities with corporate strategy, Dollar General implemented a suite of task management, labor scheduling, and time and attendance solutions from Reflexis Systems, Inc. Dollar General had previously relied on manual and error prone tools such as spreadsheets and email programs to generate labor schedules, track time and attendance, and communicate sales-driving projects such as promotions and product launches.

Under the direction of Ryan Boone, Senior Vice President and CIO, Dollar General implemented the following solutions in a time scale of approximately 12 months, with all stores going live in Q4 2011:

1. Workforce management, including labor scheduling and time and attendance. These solutions enabled the company to better utilize its store labor, increase efficiency and accuracy in its payroll processes, and ensure compliance with labor laws which varied across the 40 states in which the company currently operates (as of July 2012).
2. Task management, which enabled the company to increase store employee efficiency and better execute its promotional, merchandising, and other initiatives to increase sales.

DOLLAR GENERAL BY THE NUMBERS

Brands-store banners: Dollar General

Number of stores: 10,000

Annual revenue: \$14.8 Billion

Web site: www.dollargeneral.com



3. A revamped infrastructure that built upon the company's VSAT network by adding DSL to improve the company's capacity to grow and increase the functionality that could be offered to stores as the company expands into new locations.
4. VoIP to enable the company to cost effectively expand its voice communications capacity across its geographically dispersed organization.

Additionally, the Dollar General IT team rewrote its old MS-DOS-based Point of Sale system to support Linux. The re-write of the application code enabled the company to preserve its existing POS hardware terminals while improving the manageability of the system to further support the company's growth into new locations and markets.

The 10,000-store retailer attributes much of its recent success to these initiatives. Most significant gains noted in the company's 2012 annual report include:

- 13.6% increase in year-to-year sales
- 6% increase in year-to-year same store sales
- Retail labor expense increased at a rate lower than the increase in sales
- 17% increase in operating profit (\$1.52 billion, or 10.2 percent of sales), in 2011 compared to 9.9 percent of sales in 2010, a 30 basis point improvement



Macy's Implements RFID Tagging; Reports ROI From Phase I

In September 2011, Macy's, Inc. announced that all Macy's and Bloomingdale's locations would implement radio frequency identification technology (RFID) in its replenishment-based family of businesses, and that all stores would be equipped with RFID in order to read item-level tags. Macy's is among the first retailers to implement item-level tagging on a broad national scale.

Using item-level RFID, Macy's legacy manual inventory management transactions utilizing barcodes were replaced with automated processes and new RFID technology at the item-level. The deployment also consisted of handheld RFID readers for store personnel to use in back rooms and on the sales floor for conducting inventory counts and replenishing the sales floors.

This multi-year project is being implemented in phases, with an eventual rollout to all Macy's and Bloomingdale's stores. The timeline is as follows:

- The initial rollout began in 2008 to 6 warehouse/DCs for improving cycle counts in furniture and bedding
- The pilot program kicked off in 2011, including a roll out to 8 stores and 2 DCs for item-level tagging
- The project now consists of item-level tagging at all 800 Macy's and Bloomingdale's stores to begin by Q3 2012 of replenishment goods. This included on-hand by color, size, and style in men's furnishings & slacks, intimate apparel, denim, and women's shoe



MACY'S BY THE NUMBERS

Brands-store banners: Macy's, Inc./Macy's and Bloomingdale's

Number of stores: 800+

Annual revenue: \$23.5 billion (FY2009)

Web site: www.macys.com



Macy's employed Tyco Retail Solutions as its implementation partner. Tyco is providing project planning, business case assessment, site surveys, solution staging, support and more. Tyco and Macy's implemented a successful RFID project achieving defined business cases with the lowest total cost of ownership without disrupting the daily operations of a multi-billion dollar business.

Key results included:

- ★ With the initial deploy, Macy's was able to tag 30% of the company's SKUs, representing approximately \$8 billion worth of inventory
- ★ An immediate ROI was realized from phase I of this project, and incremental returns throughout subsequent phases of the implementation cycle
- ★ There was a decreased pilot-to-deployment time, and an increased level of commitment from Macy's executives
- ★ More attractive price/performance levels and simplified investment justification
- ★ Deep integration and continued convergence with legacy systems
- ★ Reduced infrastructure store footprint option
- ★ No need for a store server
- ★ Efficient device options for handhelds and multi-purpose stations
- ★ Enabled expansion to real-time inventory visibility within portal and POS integration



Customer Engagement
GOLD WINNER



Lowe's Provides Locally Executed Rebates In-Store And Online

Lowe's recognizes that ultimately its success will be measured by how they customize available technologies to empower people — both sales associates and customers — to easily find and use vast quantities of dynamic, real-time product and offer information to solve challenges and personalize purchase decisions.

In a matter of months, Lowe's introduced three custom iPhone apps — two for employees, one for customers — and deployed 42,000 iPhones across its more than 1,700 stores in Q4 2011. Since the initial deployment, the retailer continues to push updates to these apps that include key business and product information. One notable recent update included a tool to access Lowe's 'Rebate Center' (powered by EcoRebates) which makes thousands of SKU-level, locally available product offers searchable and accessible to both store associates and customers. Lowe's deployed its online Rebate Center on its web site in February 2012.

Product offers facilitated by the EcoRebates solution range from manufacturer/trade promotions to utility rebates for energy efficient products. "Every day, millions of customers shop at Lowe's," stated Harry Gardner, Manager Store Policy and Promotion at Lowe's. "Our focus is to

LOWE'S BY THE NUMBERS

Brands-store banners: Lowe's

Number of stores: 1,725

Annual revenue: \$50.2 billion (FY2012)

Web site: www.lowes.com



provide each customer a personalized shopping experience, enabled by technology. Extending the reach of EcoRebates' powerful incentive search platform to our mobile platform — both for sales associates and customers — helps us deliver current, local product-specific rebate and incentive offers that influence purchases while customers are evaluating products in the store."

Lowe's first installed Rebate Center tools on the sales associate's mobile app and trained them on the availability and opportunity of these product offers. Many shoppers are unaware that manufacturers, utilities and state governments offer consumer rebates and incentives for buying energy-efficient products or that multiple incentives can be combined to maximize savings. Now Lowe's Rebate Center technology — available on both web and mobile — delivers a simplified and accessible way to track the available promotions and offers on hundreds of thousands of product SKUs.

By training sales associates on the mobile app first, the retailer created an opportunity for associates to advocate for customers, educating them on specific products and available offers and helping to inform purchase decisions. Employee feedback gathered through town hall meetings and other store to headquarter communications has been positive.

Although Lowe's is not yet able to report measurable results from the implementation, EcoRebates reports that clients typically experience a 10% to 15% incremental sales boost.



Cole Haan



Cole Haan Provides Personalized Service With Mobile Clienteling

To offer a more personalized shopping experience for its shoppers, Cole Haan implemented Epicor Retail Clienteling, designed to strengthen customer engagement and loyalty by delivering critical insight about past purchases, product preferences and personal attributes to mobile devices in the hands of sales associates on the floor. By March 2012, the Epicor Retail CRM Clienteling module was deployed on Apple iPads into several locations and moved into the balance of Cole Haan inline stores by early May 2012.

Sales associates now are more confident when engaging with customers and feel they're positioned as experts and personal shoppers when out on the sales floor, according to Jennifer Shapiro, Senior Manager, Retail Training for Cole Haan. "It is pretty amazing — right in front of the client — to be able to look up their wardrobe and together review past purchases to determine what's currently in the store that can complement those previous buys. We can get very specific — to the point of pulling up an image of the shoes and accessories they have in their closet at home."

COLE HAAN BY THE NUMBERS

Brands-store banners: Cole Haan

Number of stores: 106 (online and outlet)

Annual revenue: \$500,000 to \$1 million (estimated)

Web site: www.colehaan.com



The Epicor Retail software facilitates the retailer's goals for the solution. These included More Secure Data Capture; Client Follow-up; and Enhanced Customer Service: Arming associates with mobile applications means they no longer leave the client's side to check a stationary computer terminal for information, allowing them to provide better, more personalized service.

While the program is still in its infancy and quantitative results are yet to be measured, Cole Haan shared the following:

- Former 'black book' clients that typically purchase twice a year are already purchasing three times since implementation earlier this year;
- The sales associate experience is enhanced 10-fold as there is an obvious boost in morale – team members enjoy working with the technology, and can utilize the iPad for expediting regular, on going and seasonal tasks, such as floor mapping and changing out product lines;
- Paper-based seasonal floor plans are no longer sent to each store, but instead plans are communicated electronically – saving significantly on print and postal costs;
- Store managers and associates don't have to leave the sales floor to print directives or perform outreach – product knowledge is always a 'swipe away';
- Cole Haan has reported an overall increase in productivity.



BOB's Maintains Low Shrink Level With All-Business Buy-In

BOB'S Stores is a 35-store chain with a Home Office and Distribution Center, based out of Meriden, CT, with retail locations in the Northeast. BOB'S has achieved a shrink goal of less than 1% of retail sales for the last 20 years. All business partners work together to maintain a low level of shrink — from the C-level to the distribution center and the stores. Additionally, the store associates at every location play an integral part in the success of shrink and the newly formulated program called "See Something — Say Something."

Associates are trained to, very simply: "If You See Something out of the ordinary, Simply say Something." Now, in addition to collecting information on potential shrink problems, the program has piggy backed into store operations with safety concerns, shortage concerns, and operational aspects that need immediate attention. The program represents a partnership with Store(s), the Home Office, and the Distribution Center. The program was instituted by the Asset Protection division and has taken a foothold into the way BOB'S operates.

With shrink at below 1% of retail sales, from a margin point of view, that creates incentive and enhances the bottom line, according to Ronald Catania, AVP, Asset Protection Director for BOB's. The stores generate

BOB'S STORES BY THE NUMBERS

Brands-store banners: BOB's Stores

Number of stores: 35

Annual revenue: N/A

Web site: www.bobstores.com



the enthusiasm that brings about success in how they react to unusual situations; whether it be theft or store operational issues, he noted. "The associates in the stores create the harmony for success. There is a WOW factor in how and what we do. Everyone is part of the team. Participatory Audits are performed that make associates part of the suggestion team. Their suggestions are met with 'bravos' that motivate their enthusiasm," Catania explained

The store associates have accepted remote camera access in order to have the ability to view locations for various store exceptions?. While the program is designed to view the shrink exceptions, it also displays store operations issues. BOB's created a partnership between the stores and the asset protection department and created a mentor program to assist locations that had abnormalities. "It was not based on finding faults and creating tension," said Catania. "The ROI was intangible. The success is continual with a program that has been in place for 10 years plus."



American Apparel™



American Apparel Cuts Theft, Increases Sales With Video Analytics

Using insights gained from the RetailNext platform, the American Apparel team has increased sales in equipped stores by more than 30% and reduced theft in these same stores by 16%. And the presence of searchable, instantly available video has created a cultural shift in which operations professionals at headquarters are much more directly in touch with the goings-on in their stores all across the country, according to Stacey Shulman, CIO of American Apparel.

These gains were sufficient for American Apparel to undergo a multi-year rollout strategy for the platform. Today RetailNext is operating in more than half the stores in the chain. In the meantime American Apparel has continued to expand its use of RetailNext to improve its KPIs. American Apparel has added new functionality such as real-time alerting when certain trigger conditions occur and access to its performance dashboard and video streams from an iOS- and Android-compatible mobile app.

American Apparel commenced a pilot of RetailNext in 2009. Initially the retailer installed video cameras at the doorways to reproduce the functionality of traditional people counters while simultaneously including additional inside the stores to better understand customer

AMERICAN APPAREL BY THE NUMBERS

Brands-store banners: American Apparel

Number of stores: 250

Annual revenue: \$547 million

Web site: www.americanapparel.net



and employee behavior at merchandizing areas and registers. The RetailNext software interprets streams of digital video and recognize human beings moving through the store, opening up broad capabilities for measuring shopper behavior inside its environment. This capability allowed American Apparel to measure not only the number of store visitors but also customer movement within the store — where they walked, where they stopped, and how all these behaviors tied to actual sales at the register.

The company also realized early on that this platform made it unnecessary to purchase and maintain a separate video recording system for loss prevention. By combining both systems into a single platform, American Apparel saved 40% in capital expenditures over what would have been required otherwise. Furthermore, applying analytics to LP needs (including one-click access to video from all POS transactions) not only allowed the company to reduce costs, but it also opened the door for a more informed and efficient asset protection effort.

★ About Retail TouchPoints

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Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, category-specific blogs, special reports, web seminars, exclusive benchmark research, and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.

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