

The NRF conference in New York brought together the people, technology and ideas that will influence retail in 2015. **Matthew Chapman** and **Rebecca Thomson** paid a visit

# Big ideas from retail's Big Show

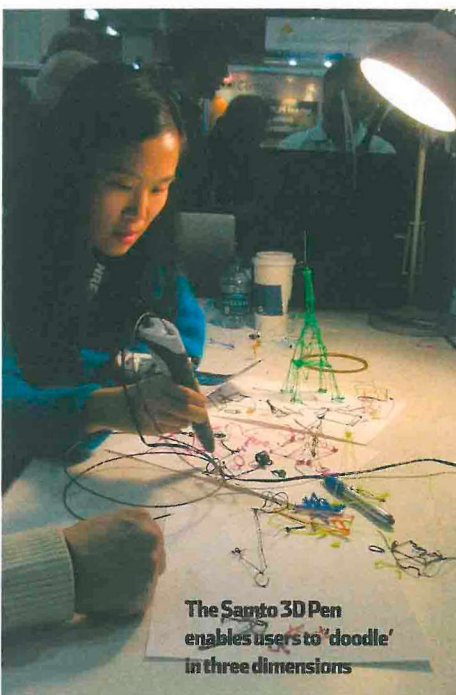
**A**n estimated 33,000 attendees descended on New York's Jacob K Javits Convention Center to gain an insight into what is dominating the globe's best retail minds at present.

The National Retail Federation's (NRF) Big Show's array of speakers ranged from an executive of newly floated Chinese ecommerce giant Alibaba to the small team working at the Tesco Lab innovation unit.

Hundreds of exhibitors sprawled over three floors of the convention centre and some of the biggest and brightest retailers took the stage.

While it was unsurprising that topics such as China's growth would feature prominently, there were plenty of left-field items on show including technologies such as internet-connected forks.

The overarching impression of the four days was of a confident industry that is in good shape globally despite rapidly changing markets in Europe and the US.



The **Santo 3D Pen** enables users to 'doodle' in three dimensions

## Technology

Practical technologies that help streamline the less glamorous side of retailing were out in full force, alongside more zany technologies such as 3D doodle pens (see Retail Lab, p34).

US department store group Macy's and sportswear brand Lululemon extolled the virtues of embedding RFID tags in products.

The two retailers are at different stages of trials of the technology, which helps them to keep track of stock and improve inventory accuracy.

Macy's has been using RFID for several categories for the past four years and Pam Sweeney, senior vice-president for logistics systems at the department store group, said the technology has boosted sales wherever it is deployed because it enables the retailer to ensure every last unit of stock is sold.

Tesco representatives spoke at more than one session about how the retailer is utilising pioneering technology, despite being rocked by turmoil at its domestic business.

The retailer's F&F clothing brand cut online returns by 4.5 percentage points after

introducing 3D technology that improves the way it designs clothes.

Alan Wragg, technical director of F&F, said online returns fell to 14.5% last year from 19% the previous year as a result of 3D virtual prototyping.

The technology, which is provided by Lectra, enables designers to test the fit of products on 3D virtual figures on screen.

Wragg said that 50% of fashion returns are the result of poor fit and that 3D technology has helped to reduce them. A 1% reduction in the returns rate saves Tesco £659,000 a year.

Separately, Angela Maurer, head of Tesco Labs, revealed the retailer is preparing to pilot image recognition technology that can instantly identify incorrectly stocked shelves.

Tesco hopes the software, which has been created by IBM Research, will help it free the time of store staff.

The technology enables store staff to take a picture of an entire shelving unit and receive instant feedback on how items are stocked.

► **Nine tech innovations from NRF, p34**

Watch clips of the most interesting retail tech on display at NRF  
[Retail-week.com/nrftechvideos](http://Retail-week.com/nrftechvideos)



**“For international sellers to be successful they need to be open-minded and accept the unique factors of the market”**  
**Sherri Wu, Alibaba**



**Alibaba**

An Alibaba boss said retailers need websites that Chinese consumers are used to

## International

China loomed large at this year’s NRF and its rapidly expanding economy dominated the agenda. Gap property boss David Zoba explained that change in China is being driven by a massive demographic shift as 380 million people move from the countryside to cities.

Gap considers China to be its main focus for the future because of the “massive” amount of mobile sales there.

His comments on the mobile-savvy Chinese consumer were echoed throughout the conference and it can be expected that NRF talks on m-commerce best practice will be dominated by Chinese retailers for years to come.

Alibaba’s head of international business development Sherri Wu provided some local insight into the lucrative but challenging Chinese market.

“For international sellers to be successful they need to be open-minded and accept the unique factors of the market,” she said. “Lots of international sellers will look at a Chinese website and say it looks crazy. However, Chinese

consumers have got used to it – that style of site will help them [retailers] be more successful.”

Debenhams international director Francis McAuley argued Africa is the next frontier for European retailers.

He believes Nigeria and Kenya are the ideal starting points for retailers, because both countries are home to strong franchise partners available and growing middle classes.

Phase Eight is just one British retailer poised for African expansion – it was sold to South African retailer Foschini Group in a £300m deal last week.

It is expected the deal will pave the way for the opening of Phase Eight stores in southern Africa.

The expansion outlook is less rosy for Europe, said Zoba. He argued the continent is a hard place to make money because of high costs and burdensome rules.

“Europe is a tough market, we have minimal future growth there,” he said.

“It is obviously a wonderful place to visit and a wonderful place to vacation but not such a great place to do business.”

# NRF REPORT

## ► Omnichannel

The word on everyone's lips in New York was omnichannel. Although the idea has been around for a while there was confidence among retailers, from Country Road in Australia to Åhléns department store in Sweden, that they are finally beginning to crack the challenges presented by omnichannel.

Mike Webster, general manager of Oracle's retail arm, believes the industry is in good shape because "retailers are doing so many things right". He subscribes to the view of John Lewis boss Andy Street that "stores still matter" in a time when it is easy to get distracted by exponential online growth.

Elana Anderson, senior vice-president of marketing at Demandware, agrees omnichannel has reached a level of maturity and believes it is being executed in two ways.

"Firstly, there is an increasing maturity around integrated shopping scenarios, such as buy online and pick up in store," said Anderson.

"Secondly, all the whizz-bang stuff around how retailers are starting to innovate around the store experience by leveraging digital."

David Massey, chief information officer at US retailer Bealls, said one area of focus for his company is how to organise the business to make sure it is well positioned to take advantage of omnichannel.

He said: "More IT spend is heading towards marketing. How do we bring some of the structure and process of IT to the agility that marketing has and build collaboration between the two?"



**"There is an increasing maturity around integrated shopping scenarios"**

**Elana Anderson, Demandware**

Issues also arise around the vast quantity of data that omnichannel brings to retailers' fingertips. Both Massey and Dunnhumby's enterprise architect Chris Wones agreed one of the biggest challenges data brings about is finding talent.

At present there are not enough data scientists to go around and Wones also believes a big challenge lies in bringing a retailer's architecture and infrastructure up to scratch to ensure the business has the horsepower needed to crunch the numbers.

## John Lewis IT boss Paul Coby on making sense of NRF

✎ I write these words somewhere over the Atlantic on the way back from NRF. As usual my feet hurt and I am somewhat bewildered by the immensity of the whole thing.

The programme doesn't say how many exhibitors were there, but there were hundreds, ranging from all the big boys and girls like Oracle, IBM, NCR, TCS etc, to all sorts of niche players and start-ups camped out on others stands. So many good ideas mixed up in a very American dish, like breakfast with grits, eggs and jelly all together on the same plate.

How do you make sense of them? Well, the answer is you can't. There were umpteen implementations of iBeacons, big data, security, mobile apps, screens and scanners and tablets galore – a sort of 'Toys R Us' for retailers.

It convinced me more than ever that to succeed in a retail world that is changing faster than ever, you must really know yourself as a company and what you stand for, and of course know what your customers do and don't want from you. Then you can start to pick and choose what new technologies, tools and apps you might want to implement in the real world. It would be a fatal mistake to start with the technology.

I was privileged to talk about the John Lewis story and our innovation in IT leading up to our incubator JLab. I was able to show the US audience Monty the Penguin and his ad drew a round of applause. There was great interest in



John Lewis IT director  
Paul Coby

JLab and what we had learned, and I was able to ask the winners, Localz, to join me on stage to say what it had been like for them.

There was great interest in John Lewis's 36% online sales and 56% of online sales as click-and-collect over peak, which seems to be quite a lot more than most US bricks-and-clicks retailers. The more I visit the US and see US retailers, the more I think that the retail business and the way people shop are radically different there – not least because of geography.

Finally, I was surprised by the enormous enthusiasm among the tech companies there for tracking customers, whether it's by using customers' social media, purchases picked up through loyalty cards and credit cards, or customers tracked through the store.

There are multiple big data engines, face recognition, and phone tracking mechanisms being pushed to do this. While some people are going to expect this from retailers, especially the young and tech-savvy, I feel many customers will be concerned that they are being tracked. It's a very

personal thing and it seems to me essential that customers are asked to approve and made aware of any such use of technology, which they might see as infringing their personal privacy. I'm not sure that many people were asking this question at NRF in the enthusiasm for the tech, but maybe that's another transatlantic difference.

