



**GLOBAL RETAIL ALLIANCE**

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## **SPOTLIGHT: SHOPTALK 2017**

Welcome to the **GRA Spotlight**. A quick highlight of where we have been or what we have seen.

**Shoptalk** is the new blockbuster retail and ecommerce event. It covers the rapid evolution of how consumers discover, shop and buy - from new technologies

Check out this month's **SPOTLIGHT** and find out the latest innovations discussed in this inspiring conference!

# 1) Foot-Traffic Tracking To Brick-And-Mortar

**Foursquare** debuted a foot-traffic measurement tool called Foursquare Analytics.

Foursquare Analytics, which uses opted-in users to measure in-store traffic, began in private beta last year with brands like TGI Fridays, Equinox and Taco Bell. Brands that pay a monthly subscription fee to use the SaaS product.

After Foursquare's location-tracked panel is anonymized and normalized against census figures, it can be used as a data stream where businesses can toggle back and forth based on geo or audience demo or whatever applications they have and just dig into data in a deeper way.

Foursquare Analytics' release adds a third leg to the mar tech portfolio Foursquare has assembled since 2015, which includes the Pinpoint programmatic targeting platform and its retail attribution product.



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## 2) What Customer-Centric Means for Today's Retail

The idea of customer experience is nothing new. Retailers have been in the business of curating stores and training associates in the art of customer service for as long as there have been stores. What's different now – especially for those retailers who juggle geographically diverse stores and multiple brands – is a genuine concern about consistency in the customer experience. Consistency that goes beyond simply launching a new website or a mobile app that's been painted with the right logo and colors, or adopting new technologies or services just for the sake of keeping up with the likes of Amazon and others.

For the likes of Tractor Supply, Cabela's, Gap, Neiman Marcus, and others who spoke at the event, customer experience isn't created solely by having stores or ecommerce, telephone services or even a clever Twitter account.

For an internet-native retailer like Gilt or (up until recently) Warby Parker, the box is the store. And for traditional or non-traditional retailers, the digital shopping experience is becoming more important each year. About one-third of shoppers anticipate doing more shopping on computers this year, according to the recent UPS Pulse of the Online Shopper report. About 25 percent expect to do more shopping on smartphones, while 24% will increase the time they spend shopping on a tablet. Some 11 percent see themselves visiting the store more often. But that doesn't mean retailers should sacrifice who they are simply to get more product moved online.



### 3) The launch of incubator lab to house startups

Wal-Mart is launching an incubator lab focused on projects in robotics, virtual and augmented reality, and artificial intelligence as it aims to compete more aggressively with Amazon.

The so-called Store No. 8 will be located in Silicon Valley and marks the latest attempt by the company's new head of e-commerce operations, Marc Lore, to speed up innovation at the company. Wal-Mart Stores Inc., based in Bentonville, Arkansas, brought over Lore, the founder of Jet.com, when the discounter bought the online retailer last year for more than \$3 billion. Wal-Mart has been on an acquisition binge since then, snapping up ShoeBuy, Moosejaw and ModCloth.

The incubator lab's mission will be to house new startups that will run independently from the company. It will hatch, invest in and team up with entrepreneurs, and venture capitalists to create proprietary technology. Wal-Mart says these startups will be ring-fenced from the broader organization, so they have the room to grow and develop.

Store No. 8 is named after an early store where Wal-Mart founder Sam Walton used to test different ideas that could be rolled out.



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## 4) 2-Hour Deliveries? Big Bucks to Make It Happen



Amazon.com has emerged as the dominant e-commerce platform in part by shrinking its delivery time to just two days. But why stop there?

Amazon now wants to get more and more stuff -- groceries, liquor and computer equipment -- to customers within two hours. It's an expensive proposition, but high costs have never stopped Amazon before.

As the company expands Prime Now to more cities and categories, it's trying to get smarter about how it runs this business. That might make investors feel somewhat better, though Amazon, as usual, is not too concerned about the cost of these deliveries.

At Shoptalk a Prime Now executive spoke of the company's efforts to make the two-hour delivery service work more efficiently.

But Amazon isn't suddenly getting religion on cost. Stephanie Landry, vice president of the service, indicated that while Prime Now is a big investment for Amazon, she does not spend a lot of time thinking about the cost of delivery, as Doshi wrote.

Meanwhile, Amazon is bringing the service to new markets and partnering with local businesses in order to broaden the selection of products that customers can buy. The company appears focused on getting more and more users hooked on the service, much the way it did with regular Prime shipping, regardless of the financials.

## 5) Brick-and-mortar is the key to its digital growth

Retailer's brick-and-mortar locations have been a major driver of digital growth.

Target has repurposed its stores as fulfillment centers for e-commerce, and they now fulfill close to 55% of all online orders.

The company plans to redesign 40 Target stores to better serve omnichannel customers and those looking to run errands. The redesigned stores will be tested in Houston this October, and will have two entrances: one for shoppers looking to browse casually, and another for convenience shopping.

Target is trying to reverse its three-quarter decline in comparable store sales by providing a better in-store experience. The company is looking to capitalize on the majority of the population that still purchases in-store by offering a more seamless experience for different types of customers. The store design will be able to better serve both casual shoppers wanting to browse slowly and people looking to run errands quickly by providing each with a designated area — eliminating the frustrations that occur when these two types of shoppers cross paths. In addition, the stores will be optimized for omnichannel shoppers due to the built-in click-and-collect counter.

The company is mirroring Walmart's omnichannel approach and turning its brick-and-mortar presence into an advantage.



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## 6) Can Jet.com Take a Bite Out of Amazon Fashion?

Jet.com bought ModCloth, an online women's retailer known for vintage-inspired clothing, its diverse range of sizes and loyal consumer base.

To accelerate its growth, Jet.com has snapped up several smaller online retailers in addition to ModCloth: ShoeBuy (which sells brands such as Cole Haan, Toms and Diesel) in December and outdoor retailer Moosejaw in February.

Jet.com, which originally launched in 2015 as a membership-based site to rival bulk retailers Costco and Sam's Club on basic household goods, now attracts customers by lowering prices as more items are purchased in the same basket. Jet.com is focused on price efficiency, while Amazon is focused on speed efficiency. Amazon's massive, vertically integrated logistics infrastructure is much more developed than Jet.com's.

Jet.com, however, isn't thought as a fashion destination. Amazon, on the other hand, captured the most US apparel sales for millennial shoppers in 2016 of any online retailer, and has spent years trying to change its fashion perception in the marketplace through advertising, partnerships and sponsorships.

ModCloth's can now take advantage of its parent company's relationships with vendors and supply chain backend integration to find new efficiencies. Its expertise, relationships with manufacturers and great product content will be useful to Jet.com.



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## 7) eBay declares war on Amazon with guaranteed three day delivery on 20 million items

eBay has pledged to offer its customers faster and more precise delivery.

The e-commerce platform announced it will guarantee delivery in three days or less on 20 million eligible items in the US – shoppers will also be able to search for and filter items by one- and two-day delivery.

The move is response to Amazon's model that has conditioned its some 54 million Prime members to expect goods within two days or less after placing an order.

The service, called Guaranteed Delivery, is set to debut sometime this summer in just the US.

eBay's new program guarantees items ordered on the platform will arrive by its said delivery date.

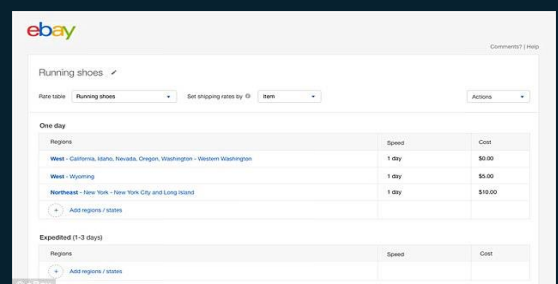
Users will also have the ability to filter, sort and search items by a guaranteed delivery date and if items do not arrive on time, the firm said 'eBay will make it right'.

Although eBay is taking a step in the right direction, it still have a long walk to catch up to Amazon. Amazon's Prime free 2-day shipping is available for more than 50 million items sold on the platform.

For sellers who know the cost of shipping from their location to different regions in the US, and are willing to set up and maintain shipping rate tables, this new tool will allow you to more accurately tailor shipping charges to your buyer.

You will be able to set your shipping rate table preferences in My eBay and Seller Hub.

The tools will be free, but eBay has mentioned that sellers must meet some required shipping standards to be eligible for the program.



The screenshot shows the eBay Seller Hub interface for setting shipping rates for 'Running shoes'. It features a table with columns for 'Regions', 'Speed', and 'Cost'. The 'One day' section is expanded, showing three rows of shipping options with their respective costs.

Regions	Speed	Cost
West - California, Idaho, Nevada, Oregon, Washington - Western Washington	1 day	\$0.00
West - Wyoming	1 day	\$5.00
Northeast - New York - New York City and Long Island	1 day	\$10.00

Below the 'One day' section, there is an 'Expedited (1-3 days)' section with a similar table structure. The interface also includes a search bar, a 'Set shipping rates by' dropdown menu, and an 'Add regions / states' button.



## 8) Playful online and in-store interactions

At Sephora USA , retailing is emotional.

As Sephora developed its experiential retail approach, it looked at what makes a good experience, deciding it must be memorable, sharable and repeatable. Blending those goals with Sephora's business of selling prestige beauty products, the retailer devised services that follow the theme of teach, inspire and play.

That's where the Virtual Artist application within its mobile app comes in. Virtual Artist activates a consumer's smartphone camera for a live picture of the user, who can then see how more than 5,000 shades of lipsticks will look.

Another service is Play! By Sephora, a subscription box service launched in a few markets last year and which Sephora is now launching nationally. Subscribers receive a box full of samples, and can go online to learn how to apply or use them. To draw consumers to a store—and to deepen the relationship the consumer has with Sephora, McDonald said—is the purpose of Sephora Playdates.

Playdates are monthly events where Play subscribers can go to their local store for in-person instruction about the products in their monthly box.



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## 9) Kohl's Bucks The Trend; Gears Up To Open More Stores

Bucking the trend of shuttering physical store locations, Kohl's is gearing up to add more

Kohl's future lies in its omnichannel offering, and by shuttering physical stores, its online business suffers as well. Online sales were flat last year in markets where stores were closed. Over all, online sales increased 12 percent last year, noted the report.



Kohl's is enhancing its engagement with customers.

In the case of digital sales, mobile is driving customers to come into the Kohl's stores. Kohl's has around 18 million people using its app, noted the report. Kohl's has made a name for itself because of its promotional strategy in which it gives customers discounts in the form of Kohl's cash and Yes2You Rewards, but it can also get confusing.

As a result, the retail store operator has streamlined the mobile app, enabling the Wallet feature to combine coupons, Kohl's Cash and Yes2You Rewards, ensuring customers the best price when making a purchase at Kohl's.



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## 10) How to augment Store Navigation

Lowe's Home Improvement has launched a mobile app for in-store navigation that employs augmented reality technology to enhance the shopping experience.

Dubbed "Lowe's Vision: In-Store Navigation," the app utilizes Google's Tango augmented reality technology. It initially is available in just two stores, one in Sunnyvale, California, and another in Lynwood, Washington. The app lets shoppers with Tango-enabled smartphones search for products, add them to a list and find them using AR.

The Tango technology uses "motion tracking, area learning and depth perception to guide customers through the store using a mixed reality interface. As shoppers traverse the store, the app provides directional prompts overlaid onto the real-world setting to guide them through the most efficient route.

Future expansion of the test will depend on shopper response, the company said. But gauging interest could take awhile. For the time being, shoppers who don't own that particular phone will be offered employee-staged demonstrations of the app.

The home improvement chain's mainstream app uses store-specific maps (via Point Inside) to help shoppers find the right aisles and product bays. Lowe's Innovation Labs is dedicated to creating new ways to enhance the shopping experience for both customers and store employees. The chain also has been experimenting with holographic technology to help customers visualize home projects and in-store robots to help employees manage inventory.



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