



GLOBAL RETAIL ALLIANCE  
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# NRF: Retail's Big Show 2018

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

NRF's 107th Annual Convention & EXPO was an amazing event, where hundreds of sessions were hosted and miles of retail technology were showcased in EXPOs and Innovation Labs.

We tried to capture many of the the highlights and "must-see" moments.

Check this month's SPOTLIGHT for inspirational images and concepts from NRF Big Show 2018.

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## Lesson 1: Bringing Fun to the Shelf Edge

Brands and retailers are working together using technology to convert customers at the shelf edge. Hershey Company and PepsiCo described how their relationship with retailers has changed dramatically in recent years. Brands and retailers now have to work much more closely to leverage technology to sell their products.

Hershey Company, explained how they previously worked with merchandisers and category managers to get Hershey products on retailers' shelves, but now work with in-store designers, operations, technology and marketing.

Having specific technology to help merchandise a brand's product can be difficult if the retailer does not have all the basic infrastructure, such as Wi-Fi connectivity and electricity outlets.

PepsiCo said retailers are now beginning to cooperate because they can see the benefit of having technology.



## Lesson 2: Customer Experience Drives Online and Offline for Lego

Customer experience is fundamental to the Lego brand and ethos, explained Martin Urrutia Islas, head of retail innovation and retail experiences at the Lego Group.

When designing the customer experience, the Lego Group must have two consumers in mind: the child, who is ultimately the target user and consumer of the product; and the guardian who will likely be the consumer making the purchase.

There is no longer a linear path to purchase, noting that today's shopper encounters multiple platforms through multiple contact points on their path to purchase. Many of these platforms are of course digital. Lego stores should “inspire and develop” builders of tomorrow.

Last year, the London Lego store launched its Mosaic Maker, a digital photo booth experience which creates a personalized Lego mosaic portrait. The ultimate customer experience, is “creating an emotional experience that meets fundamental needs too.”



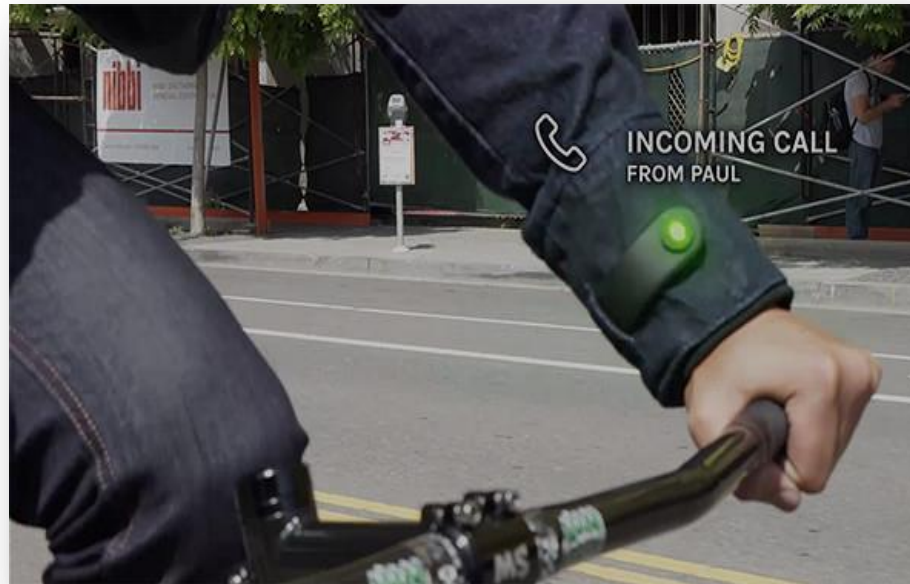


## Lesson 3: Levi's – Turn Moments into Momentum

Riding into the opening NRF 2018 keynote on a bicycle, James JC Curleigh, brand president of Levi's, called upon the retail industry to keep moving forward by innovating and staying relevant.

One example of this is the jacket Curleigh was wearing while presenting his keynote.

This Levi's jacket was co-created with Google integrating wearable technology. The Commuter X Jacquard jacket, powered by Google, allows the wearer to navigate, communicate and listen to music all with a swipe of their sleeve, thanks to the touch and gesture technology which is woven into the fabric. Curleigh uses this as an example of a "lifestyle solution" the brand has created. But creating a wearable jacket retailing at \$350, or sponsoring a Californian sports arena is not the only way to become a solutions provider. Curleigh said Levi's needed to remember the retail journey and create solutions to ensure customers can easily purchase their favorite pair of jeans.



## Lesson 4: Walmart CEO Doug McMillon Talks Technology

For Walmart, technology is creating a commonality among its various global business divisions, and the big box retailer is learning more digitally from China than anywhere else.

Interestingly, as Walmart looks to develop its digital credentials, they opted to have a presence on the NRF expo area for the first time this year, supporting McMillon's claim the business is becoming a "technology company".

The purpose of the stand on the main show floor appeared to be to create engagement with potential new technology partners and highlight the company's range of brands, including online marketplace Jet.com and menswear e-retailer Bonobos.





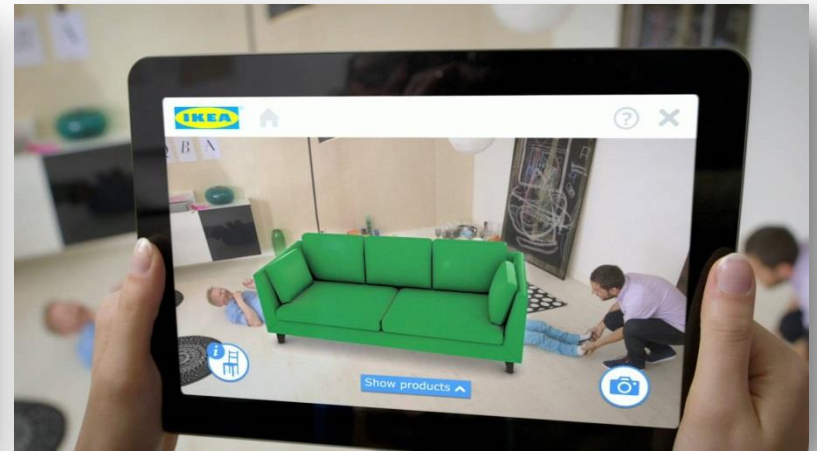
## Lesson 5: Challenges of the Supply Chain and Profitability

Retailers have been trying to solve supply chain puzzles for years. They desperately want to satisfy shoppers' demands but face a problem of inventory - specifically, inventory accuracy. Hype is focused around last-mile efforts; some large retailers including Walmart and Target are experimenting with new delivery tactics, curbside pick-up and refrigerated lockers. Getting product into the hands of shoppers fast enough to feed their desire for items delivered in a matter of hours is critical to satisfying a growing cadre of consumers. New models such as Instacart, Uber-RUSH and Postmates offer e-commerce capabilities to retailers who lack fulfillment. No doubt retailers understand the tremendous value of the omni channel consumer — and likewise the perils of gaps in the ability to serve this shopper.



## Lesson 6: Augmented Reality will be Everywhere

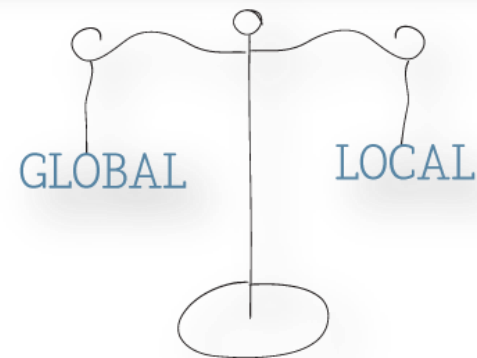
Unlike its oft-cited counterpart virtual reality, AR has been embraced for its simplicity; no need to use a headset to immerse oneself in this technology. Lowe's Holoroom and IKEA's catalog are both examples of AR that have taken center stage. Gartner has predicted that 100 million consumers will shop via AR by 2020. Today shoppers rarely shop for a new lipstick without first trying it on virtually. The same can be said for furniture shopping, where an early step in the process now calls for placing a virtual couch into a photo of one's living room to check the size and style. While AR has captured shopper interest, VR is helping retail design teams visualize store layouts and shelf set-up. Experts believe next-generation opportunities lie in using the technology to test store remodels and redesigns before committing to a project. It also can be enormously valuable as tool for executives to evaluate performance by "walking" through remote stores or global units.



## Lesson 7: The Global Brand's Local Strategy for Digital Success

Starbucks and Invest Industrial (owner of Aston Martin and Sergio Rossi) shared their method and their vision for international digital prowess. Starbucks knows that humans inherently have a need for connection and to be recognized and remembered. People know what to expect from a Starbucks coffee and delivering that exact product regardless of where a customer is in the world is important. Digital marketing on a global scale must be consistent. Invest Industrial explained that the barriers between global and local teams are most challenging in the digital and online space.

The greatest challenge is that the global and local teams often have counter priorities – their strategies are not always aligned and the communication is not always good. The manager needs to put both teams in the same room as much as they can.





## Lesson 8: Partner with Start-Ups for Innovation

Former vice chair of GE, Beth Comstock, hails start-up talent and encourages the retail industry to work with smaller companies to become more agile and innovative.

Retailers both big and small need to become more open to partnering with start-ups to create a culture of innovation within their businesses.

Comstock suggested retailers should outsource or partner to develop an idea, but there are times when you need an internal 'lab'. Retailers need to get these new products in front of real customers as soon as possible, but she warned companies need to be very transparent with what they are doing.

Comstock suggested that by doing this, retailers can form deeper relationships with their test consumers.



## Lesson 9: Intel and JD discloses the future of retail store

Across the globe, retailers are modernising by embracing technologies such as IoT, AI and analytics to personalise the customer experience and reshape the supply chain. One example is JD, one of the online retailers in China. It has opened its first staff-free store called D-Mart at its company headquarters. Staff-free stores are a growing international trend bringing the conveniences of online retailing into the physical shop.

JD's staff-free store leverages a suite of Intel responsive technologies that range from edge computing to digital signage to point of sale (POS) solutions. The two companies will continue to collaborate on developing IoT solutions that reimagine the future of brick-and-mortar stores to help over 6.8 million mom-and-pop retailers throughout China meet customers' expectations and remove existing sales barriers.

Intel-powered solutions help retailers transform their supply chains. G-Star has plans to scale globally to an additional 100 stores.



## Lesson 10: Visa announces pilot for biometric payment cards

Visa has announced pilot projects for a new EMV dual-interface biometric payment card with chip and contactless transaction capabilities in partnership with Mountain America Credit Union and Bank of Cyprus.

The pilot was announced at the National Retail Federation's NRF Big Show 2018, and will be managed by the Visa Ready for Biometrics program, which the company says is a new vertical to support the growing demand for biometric authentication.

As electronic payments expand dramatically around the world, Visa is committed to developing and investing in emerging capabilities that deliver a better, more secure payment experience.

The card authenticates users with by matching a fingerprint taken at the point of sale to an enrolled template securely stored on the card. It is equipped with green and red lights to indicate the success or failure of the authentication, and is compatible with existing chip or contactless payment terminals.

