

RETAIL NEWS INSIDER



**BOOSTING
THE BOTTOM LINE**
with Big Data-Driven
Merchandising

The award-winning Interactions *Retail News Insider* offers a look at the trends, best practices and news affecting today's retail environment as it relates to engaging shoppers and driving sales.

As the flagship publication for Interactions, *Retail News Insider* provides insight on trends that affect all levels of our business, practical sales tips for our field teams as well as the latest news from our own consumer experience marketing experts. Our team embraces the concept that the world of shopper engagement is an ever-evolving marketplace, and goes inside the stories to take a look at what's happening in the U.S. and across the globe.

Retail News Insider has been named by numerous industry awards organizations as the best publication for associates. We are proud to set the standard for excellence in communication across industries, as well as for our own organization.

Gold Award Interactive Communication/E-Newsletter
AVA Digital Awards

Gold Award Corporate Newsletter
MarCom Awards

Best Digital Communication Vehicle
International Association of Business Communicators Gold Quill Awards

Best Internal Publication
MarCom Awards

Best Employee Publication
International Academy of Visual Arts Communicator Awards

Best In-House Trade Publication
San Diego Press Club

Best Regularly Featured Column (Essentials to Engagement)
Content Marketing Awards

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Does a New Year Mean a New Shopper?



Bharat Rupani
President, Retail Services

As we flip the calendar to another year, it's natural to think of new goals, a fresh start and a renewed perspective on many things—including our approach with shoppers. Are we doing everything we can to reach customers in the most meaningful ways, or do we need to change our approach? I don't think this reflection is so much about an abrupt change in the way we do business, as it is a continual refinement.

Each year brings new trends, some will stick and some will come and go. Shoppers' opinions and habits will evolve, and it is up to us to be in tune, so we don't fall behind, or worse, become irrelevant.

Working for Daymon the past 18 years, and specifically Interactions and SAS the past four months, has showed me the importance of listening and adapting—and how important our teams are who bring these actions to life. To identify what is coming next in shopper engagement, we have in-house experts dedicated to researching and predicting the significant trends coming in retail. Each year, Daymon releases it's Global Retail Trend Predictions.

These predictions are based on our own research and thought leadership and are designed to help advise our retail and brand partners. If you haven't seen this year's predictions I encourage you to take a look here.

In addition, what better way to know what shoppers want, than to ask them. At the core of our own *Retail Perceptions* surveys we ask shoppers, real shoppers across the United States, about their opinions, habits and preferences. To give you a sneak peek of the next report, out later this month, we explore how the Internet of Things is changing retail and shifting shoppers' expectations. What our teams found is that the result of having everyday objects connected to the Internet affects when, how and why people buy. These insights will hopefully provide those of you reflecting on your approach with customers some fresh ideas on how to stay connected and relevant.

Thank you for another year of partnership, and for allowing us to listen and be a part of your shoppers' journey. May you have a prosperous, healthy and successful New Year.

All my best,

Bharat Rupani
Bharat Rupani

[Editor's Corner] We Value Your Feedback!

Welcome to the refreshed *Retail News Insider!* Thanks to your feedback from the 2015 Readership Survey, we've made some changes to better serve you. Overall, you gave us high marks for our coverage in 2015, but we want to do even better, so we're taking your feedback to heart.

New to the newsletter is a whole new column from our experts who will provide you with advice and information from Interactions and SAS in every issue. Our leaders will share ideas on everything from trends in IT security to HR best practices. You can find the first installation of our "Expert Viewpoints," on page 5.

As part of our newsletter upgrades, we have expanded our cover Market Watch feature from two pages to four. This will give us more

space to include the photos, infographics and data you've been asking for.

For those of you who work on the sales floor, we're revamping page 4 to be your dedicated Advisor Corner. We're still featuring the same great Essentials to Engagement and From the Front Lines columns you've come to know and love—but we're improving them with more targeted tips and expert advice that you can use.

We think this first issue of the new year is one of our best yet, and we hope you'll agree.

All the best,

Angelica Martinez
Angelica Martinez



Angelica Martinez
Communications
Manager

Starting the New Year Off Right

The holidays are over, but for many, the evidence of the festivities still sits on their waists or in the number on the scale. So it's little surprise that eating healthier and getting into shape are consumers' top New Year's resolutions year after year, according to market research firm Nielsen. Sales Advisors can help consumers reach their goals by pointing out how products they're featuring in in-store events can make healthy eating easy and delicious.

When choosing the key selling points to emphasize to shoppers, Sales Advisors should pay close attention to the nutritional information on the product, as well as any special labels that may appear on the packaging. Many shoppers will be drawn to items that are low in calories, fat, sugar, cholesterol and/or salt, and high in fiber or protein. As a general guide, Sales Advisors can point out that foods with less than 5 percent of the daily value of a nutrient (such as fat or sodium) are considered low in that nutrient, while those with more than 20 percent are considered high.

Sales Advisors can also offer healthy recipes that incorporate the products they are sampling. For example, they could suggest shoppers prepare the fish they are sampling in a lemon-garlic marinade (low-fat, low-calorie) and serve with a brown rice and steamed vegetables.



Healthier recipe suggestions can also help shoppers find new ways to incorporate less-healthy favorites into their new eating pattern. For example, breaded chicken breasts can be topped with low-sodium tomato sauce and served over shredded zucchini instead of pasta. Or tacos could be made with lean ground turkey instead of beef and/or served in lettuce wraps instead of fried tortillas.

"Think of ways to continually give shoppers the unexpected," suggests Nicole LeMaire, Vice President for Interactions. "Consumers may not seek out new products, but if it's presented to them in a new and exciting way, they often come to love it."

[From the Front Lines]

Give It Your Best—Every Day

For Lead Sales Advisor Chris Shanko, an eight-year veteran of Interactions, the secret to successful selling lies in engaging customers. "I just make an effort to do my best at every event," she says. "If you focus on making the customer happy and helping everybody have a good time, you can't go wrong."

Connecting with shoppers begins with every Sales Advisor. "Whenever I do an event, I don't just stand there. I smile at shoppers and invite them over," Shanko says. "If a product is still cooking, I don't wait for it to finish before talking with shoppers. I tell them how good it is and invite them to come back in a few minutes to try it."

Shanko emphasizes that it's important to look like you are having a good time. "I'm not saying that you should goof off, but you should look like you are happy to be there. Seeing that you are happy brings customers over to you."

Still, Shanko admits some events can be more challenging than others. "Not everyone is going to be interested in every product, and it can be easy for new Sales Advisors to get discouraged. Shanko advises Sales Advisors to "smile at everyone. Tell them about the product or the promotion, and emphasize the value. Then you'll know you made a good effort to connect with shoppers at every event."



Chris Shanko
Lead Sales Advisor

Retailers' High-Tech New Year's Resolutions FOR 2016

By Dr. Lance Eliot, Vice President of Information Technology

The path leading up to the 2015 holiday season often involved putting a hold on any new innovations and freezing further expansion of high-tech for retailers. It was a batten-down-the-hatches time period, focusing on keeping things stable during the crucial money-making holiday period. Now that 2015 is in the can, retailers can take a moment to escape the frenzy of the holiday season and begin to give serious consideration to their high-tech New Year's resolutions for 2016.

Here are three key steps retailers can take to set themselves up for success in the coming year:

1. Get Your Systems Security in Order.

Sadly, cyber security threats are a common retail reality. Retailers must be vigilant in ensuring their point-of-sale (POS) systems and other in-store systems and network are kept fully up-to-date with the latest security measures.

New Year's Resolution: Get a systems security assessment done in Q1 of 2016. Then embolden your security in Q2 and Q3, preparing your defenses for the Q4 of 2016, when the risk of hackers will likely be highest as we once again enter the holiday selling season.

2. Leverage Big Payoff from Big Data

During 2015 and especially the holidays, retailers amassed a ton of data about shoppers and shopping behavior. Now is the time to put it to good use.

New Year's Resolution: Leverage that Big Data by analyzing it, finding patterns that will allow you to better target your shoppers. By understanding your data, you will be able to ensure that the right products are on your shelves at the right time of the year, and that your sales numbers will be the highest they can be.

3. Move Forward on State-of-the-Art Retail Tech

In 2015, many retailers started considering the use of beacons for their stores, but held off as they waited to see how the new technology would play out. They also thought about mobile apps for shoppers, but for a variety of reasons, once again chose to wait.

New Year's Resolution: Dust off the earlier discussions about high-tech retail such as beacons, mobile apps, virtual reality and other state-of-the-art innovations, and resolve to make those plans real in 2016. No need to jump in blindly; instead, get some pilots underway that will allow you to determine what is worthwhile to invest in for your operations.

Make 2016 a banner year by focusing how your tech is doing today and what you would like to see happen during the months ahead.



Dr. Lance Eliot
Vice President of
Information Technology



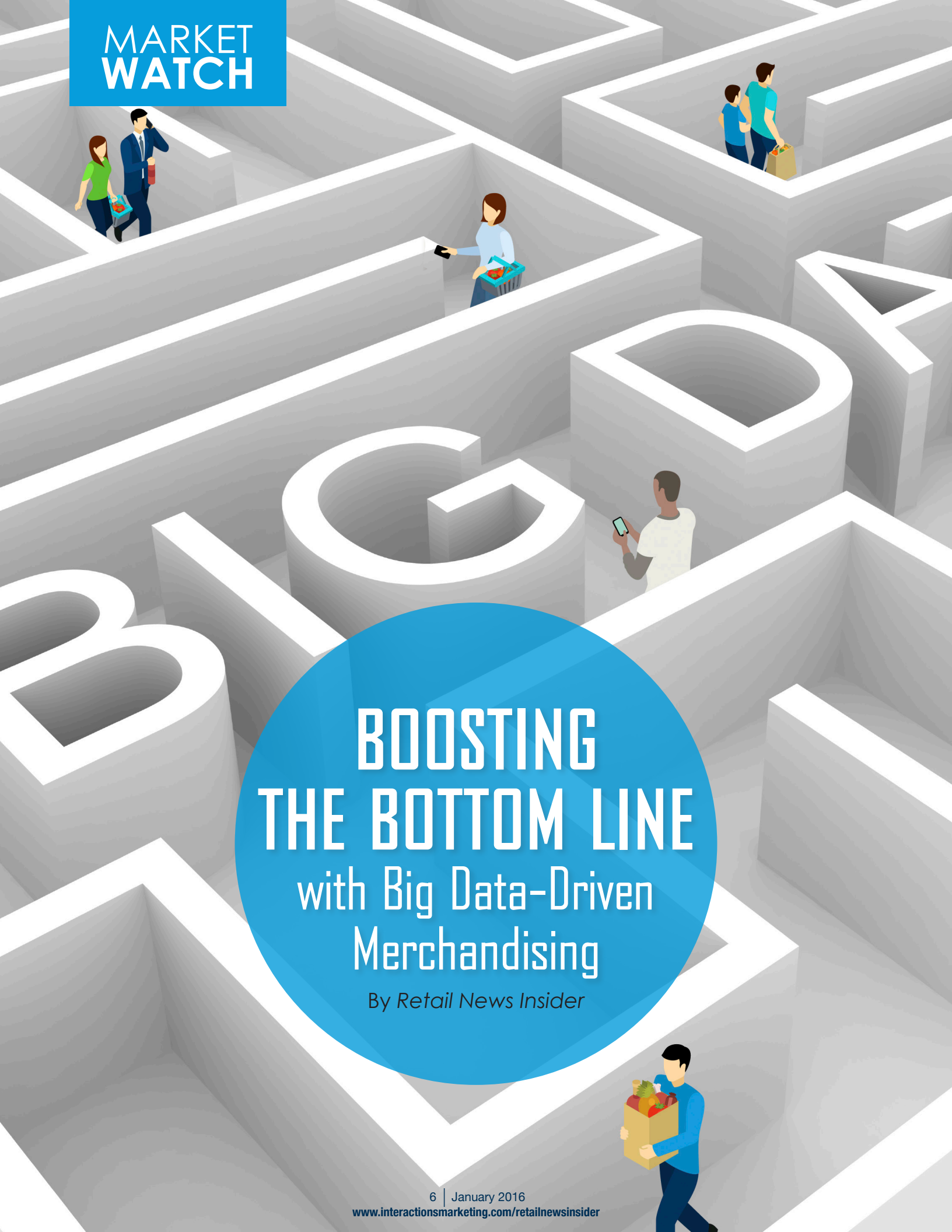
Mobile Apps of 2015

More shoppers than ever are using their mobile devices while shopping in retail stores—a whopping 90 percent, according to a recent survey by mobile marketing firm SessionM. Mobile apps easily beat out mobile browsers for where users spend most of their mobile time. So what were their go-to apps in 2015 (and, arguably, where retailers want to be)?

Here's the top 5 roundup:


1. Facebook
2. YouTube
3. Facebook Messenger
4. Google Search
5. Google Play

Sources: Retail TouchPoints, Nielsen, Smart Insights



**BOOSTING
THE BOTTOM LINE**
with Big Data-Driven
Merchandising

By Retail News Insider



BIG DATA—the virtual flood of information being collected from in-store and online browsing and shopping, social media, mobile devices, beacons, census surveys and numerous other sources—continues to be one of the biggest buzzwords in retail. It's not the data itself that's so exciting for retailers and brands, but the patterns and insights that can be gleaned from it in order to drive efficiencies and revenue.

In just a few short years, many leading retailers and brands have begun to harness the power of Big Data to develop targeted products and marketing campaigns, and to engage with consumers in new and personalized ways. Now some are taking the next step, leveraging the latest in Big Data and analytics to reinvent in-store merchandising and drive sales right at the shelf.

BIG DATA BASICS

To understand how retailers are putting Big Data to use, it's helpful to understand exactly what it is and what makes it special. In the simplest terms, Big Data is all of the quantifiable information that's gathered from online and offline sources. What makes this information different from conventional data are the four V's: volume, velocity, variety and veracity.

"**Volume** refers to the vast amounts of data that makes up Big Data," explains Dr. Lance Eliot, Vice President of Information Technology for Interactions. "As opposed to a single source of data, such as previous sales numbers, Big Data can provide retailers with a multi-dimensional perspective about consumer purchasing behaviors.

"**Velocity** indicates the rapid pace at which data is now being collected," Eliot continues. "In prior eras, data was slow to be obtained and even slower to be processed. Today's Big Data systems get data in real-time or near real-time speeds. This allows retailers and brands to take quick action on the data and analysis they receive.



RETAILERS DRIVING INNOVATION WITH BIG DATA-DRIVEN MERCHANDISING

Target
JCPenney
Urban Outfitters
Giant Eagle
Kroger

Sources: SAS Retail Services, Oracle, RIS News, Fortune

“**Variety** is one of the most innovative characteristics of Big Data. The traditional use of numeric data alone has been augmented by additional varieties of data. In retail merchandising, for example, shopper and store data now includes pictures, videos, location-based GPS information, and even tweets and other social media information.”

When it comes to using Big Data to discover patterns and trends, “**veracity** [accuracy] is essential,” Eliot says. “Collecting large swaths of data from numerous sources is fraught with potential ‘bad data’ that can in turn lead to bad analyses. A key component of using Big Data effectively is employing proper business intelligence systems to weed out any bad data.”

TURNING ANALYSIS INTO ACTION

As Eliot points out, the real key to unlocking the potential of Big Data is analysis. This involves the use of sophisticated software programs (often called business intelligence systems) to sort through the data and identify key trends and patterns.

“The amount of data can be overwhelming for retailers at first,” explains Matt Rank, Vice President of Analytics and Field Development for SAS Retail Services. “There is all this information out there, but how do you use it to make category management

decisions or decide what the best time to do a category reset is? You have to have a way to determine what information is useful and actionable.”

When it comes to retail merchandising, SAS Retail Services, part of the Daymon Worldwide family, uses a proprietary system known as RetailLogic™ to collect real-time data and deliver insights to its associates and retailer and brand partners. For example, with data collected from its in-store merchandising operations, SAS Retail Services can help retailers determine the best timing for category resets, store remodels and other merchandising activities, and predict with a high level of accuracy how long those activities will take.

“Rather than basing merchandising activities on gut instinct or how things have always been done, retailers and brands can now use targeted information to optimize merchandising both at the national and regional levels,” says Rank. “For example, if a retailer was planning resets in both the coffee and canned goods categories, we could use previous merchandising data and sales trends to evaluate whether it makes sense to do equal 8-hour resets in both categories, or split our time differently depending on the sales potential and growth of each category.”

“We continue to see an increasing focus on Big Data. It drives a lot of critical components, from routing and billing to tracking and reporting. It’s a huge priority for us.”

—Nick Mills, Senior Vice President
for SAS Retail Services

Rank goes on to explain that the data collected during merchandising activities can also be used to drive a variety of other business decisions for retailers and brands. “At Giant Eagle [a mid-Atlantic supermarket chain], CPGs that are part of our dedicated in-store execution program can log in to RetailLogic and see exactly when their new items were placed on shelves—in other words, the speed-to-shelf. They can combine this information with sales data to evaluate the traction of an item, in other words the speed-to-sale. These insights could be used to inform future decisions about product

launches and new items cut-ins. That's information that CPGs have never had access to before."

In addition, merchandising data can be used to help optimize planogram writing and execution, says Rank. "In the past, planogram writers have primarily looked at solely at sales data or new items. The differentiator with SAS' planogram service is that we can build in how the merchandising side of things will affect retailers," he explains. "Using data from previous resets or new item cut-ins, our planogram writers can determine, for example, whether it makes more sense to do a complete reset to cut in a new item or if we could just move a few items around to accommodate the new product. This drives efficiencies for the retailer."

Ultimately, Big Data-led merchandising also helps drive sales for retailers and CPGs. It can help retailers optimize their product selection to ensure shoppers are able to find (and buy) what they are looking for.

"The amount of data can be overwhelming for retailers at first... You have to have a way to determine what information is useful and actionable."

—Matt Rank, Director of Analytics and Field Operations for SAS Retail Services

It can also help CPGs determine the best times to introduce new products to the shelf in order to garner the highest sales.

Due to this potential, many leading retailers are betting big on Big Data-driven merchandising. For example, Target has an entire "nerve center" dedicated to Big Data and is fusing together data from Facebook, Twitter, Pinterest and a myriad of proprietary and third-party sources to refine its operations, stores, product mix and even supply chain. In addition, department store JCPenney has cited its focus on Big Data-led merchandising initiatives as a key component of its latest store turnaround efforts, which sales numbers indicate are starting to work.

"Big Data has the capability of providing the fuel to achieve big results for retailers."

—Dr. Lance Eliot, Vice President of Information Technology for Interactions

"Whether using Big Data to find new merchandising opportunities to pursue or to discover hidden problems that can then be overcome, Big Data has the capability of providing the fuel to achieve big results for retailers," concludes Eliot. "The key is to use a system or partner with a service that can sift through it appropriately, so they don't become overwhelmed with the massive amount of data obtained."




MARKET WATCH CALENDAR

January	Merchandising & Big Data
February	Experiential Marketing
March	Bottom Line: Investing in Technology
April	The Cost of Crime, Part 1
May	The Cost of Crime, Part 2
June	The Cost of Crime, Part 3
July	Grocery Labor Market
August	Exponential Technology
September	Giving Back: The New Marketing Cause
October	Engaging Innovation
November	Voice of the Consumer
December	2017 Trends

2016

Elevating the Eating Experience

Top Trends for 2016



Each winter, culinary experts predict what foods and flavors will change the dining landscape in the coming year. For 2016, it's all about elevating the eating experience—through exotic spices, unique cooking preparations and better-for-you ingredients.

#1 – Spice It Up!

Several leading flavor experts are predicting bold or unusual spices and unique combinations will have a big role to play in the hottest food trends of 2016. In its *2016 Flavor Forecast* McCormick & Company says we'll see more hot and tangy combinations, such as Peruvian chilies with lime and Pinoy BBQ—a popular Filipino dish flavored with pepper, soy sauce, lemon, garlic, sugar and banana ketchup.

Meanwhile, food research and consulting firm Technomic is betting the “Sriracha effect” will extend to other spices, such as harissa, sumac and dukka from North Africa and ghost peppers from India. Similarly, commercial flavor company Comax predicts the recent lifting of the U.S.-Cuba embargo will drive demand for Cuban flavors such as sofrito, mojito and toasted coconut flan.

#2 – Roasted, Toasted and Brined

Not only will spices influence the top flavor trends this year, so will preparation techniques. Pickling, roasting, smoking, brining and even burning are tops on many experts' lists. For example, McCormick & Company predicts we'll see unique beverage infusions like pickled

watermelon and bruléed sugar, while Comax is rolling out several similar flavor options, including pickled artichoke, roasted strawberry and smoked avocado. Technomic predicts more chefs will experiment with charred vegetables and fruits, burnt-sugar toppings on desserts and cocktails featuring smoked salt, smoked ice or smoky syrups.

#3 – Healthy Halos

Beyond flavor, nutritional and health benefits (real or perceived) will also factor into many food trends this year. McCormick predicts shoppers will be looking for more dishes that incorporate foods that not only taste good but also have specific health benefits, such as omega-3 rich chia and flax seeds, antioxidant superstar turmeric and low-fat, low-cholesterol vegetable proteins such as pigeon peas and beluga black lentils.

Technomic predicts there will be a big push for non-GMO foods, as shoppers continue to question the safety of genetic modification. They also expect a rise in fresher, healthier fast food options as more consumers seek to eat well while still maximizing convenience and minimize cost.

FROM CONCEPT TO EXECUTION— Interactions Helps Brands Bring Excitement Back to Shopping

Veggie burgers and football—it’s not exactly the typical tailgate lineup you’d expect. But as the series of events Interactions Marketing recently executed for MorningStar Farms proved, it turns out to be a great match—one even meat lovers are eager to try.

Last fall, Interactions teamed up with MorningStar Farms and Ahold USA to produce a series of outdoor events designed to raise awareness of the MorningStar Farms brand and connect with consumers on a more grassroots level. Calling on its suite of creative and operations experts, Interactions led the ideation, planning and execution of 15 high-energy, tailgate-themed events at Ahold grocery stores across the Northeast.

“We originally proposed a backyard picnic-themed event, but as the plans started to come together and it was clear the events would take place in the fall, we suggested taking advantage of the football/tailgate theme,” explains Jen Rose, Interactions Account Executive. “Our creative team developed the full concept and branding.”

“A big part of what sets Interactions apart from other marketing agencies is that our creative team really does understand creative ideation and branding,” says David Silva, Creative Services Manager. “We understand how to develop something original while staying within the brand guidelines of our clients. In this case, MorningStar Farms gave us amazing photography and we created outdoor events that mimicked the look and feel of a real tailgating event, while also promoting the product and brand. The final result was completely in line with MorningStar Farms’ established branding, but also completely unique to these events.”

“The final execution was a true delight for shoppers—and totally unexpected,” adds Rose. “Shoppers were drawn in by the 14-foot branded flags and the inviting smell from the grill. We also added an element of fun for families with cornhole games and prizes, such as gift cards and branded mini footballs.”

“We completely transformed the parking lot into a football field,” agrees Silva. “The fact that you have that kind of setup—you expect something like beef or chicken wings, then you find spicy black bean burgers. That furthered the undercurrent of surprise and made shoppers see the product in a whole new way.”

“Our goal with every event is to create a meaningful experience for shoppers that will help them connect with the product and understand how they can incorporate it into their everyday lives,” says Rose. “This engagement builds on the brand’s affinity and ultimately drives sales.”

To learn more about experiential marketing opportunities with Interactions, contact Ryan Dee, Senior Account Executive, at rdee@interactionsmarketing.com.



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