

# RETAIL NEWS/INSIDER

## INVESTING IN RETAIL TECHNOLOGY

The Ultimate Guide to  
Today's Top Trends



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.

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**Gold Award Corporate Newsletter**  
MarCom Awards

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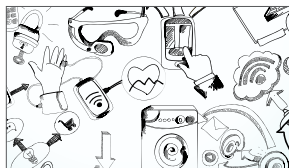
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# Timeless lessons: The power of the brand story and experience



**Bharat Rupani**  
President, Retail Services

A significant part of the retail industry today is technology. Just as we see the recommendations and reviews throughout this publication this month, we know that quite often around every corner there is another new technology and method to reach shoppers. However, while technology is undeniably essential, and guaranteed to change over time, what has always been a constant in consumer engagement is the ability to create

effective and meaningful experiences for shoppers. A clear and succinct brand message, a sample of a product and an interaction with an associate are the things that continue to resonate with shoppers. In fact, according to a survey by American Express, nearly 60 percent of Americans would try a new brand or company for a better service experience. Experiences are not only a key factor in cultivating new shoppers, but essential in keeping the current ones coming back.

Throughout history, marketers have continued to evolve the methods in which they connect to consumers. Consumer engagement really started with vendors calling out their wares when cities and markets first began. Formalized advertising in the form of door-to-door selling has a long history dating to the days when peddlers traveled from town to town with their goods piled in a wagon. In 1882 Procter & Gamble made an unprecedented move when they budgeted a whopping \$11,000 to run print advertisements for Ivory soap. By the early 1900s, Kellogg was spending \$1 million in advertising Corn Flakes. Radio was eventually the

way to reach consumers, and then television had its heyday.

While connecting with consumers has been somewhat of a cumulative evolution, consumers still rely on engagement to drive their purchase decision. According to a McKinsey study, 70 percent of buying experiences are based on how the customer feels they are being treated. It is the emotional attachment we engender as marketers that helps create fans. By narrating an engaging story and being able to be present across platforms in a consistent fashion, we have an opportunity to bond more effectively with our consumers.

The future will be in our experiences; not in material things, but in the moments we share with each other. I believe, more than ever before, that retailers and brands have not only an opportunity, but an obligation to create a shared experience with shoppers. While our engagement may start with a product sample, it's the engagement and experience that surrounds that sample that makes an undeniable connection with consumers.

All my best,

*Bharat Rupani*

Bharat Rupani

## [ Editor's Corner ] **Variety is the Spice of Life—and of Retail!**

Welcome to another information-packed issue of *Retail News Insider*. This month, our team is covering everything from retail technology trends to guidelines for healthy eating. That's quite the range, but our goal is to highlight the many issues retailers and brands, and their partners and associates need to be aware of.

On the technology front, our Market Watch feature takes a look at five top trends and provides expert advice on the areas retailers need to invest in and when they should do so. In our Expert Viewpoints column, Interactions Senior Director of Insights & Analytics Kristen Baird shares best practice tips for using analytics to create and run a robust experiential marketing program.

We share the latest updates from SAS Retail Services dedicated In-Store Execution program launch at Ahold and you'll get a look at how gluten-free has opened the landscape for a broader "free-from" market. We also offer tips for Sales Advisors on engaging shoppers and more.

I hope you find all of the articles throughout this issue both informative and enjoyable.

All the best,

*Angelica Martinez*

Angelica Martinez



**Angelica Martinez**  
Communications  
Manager

# Show Shoppers Good Nutrition Can Taste Great, Too!



March is National Nutrition Month, an annual celebration of healthy eating created by the American Academy of Nutrition and Dietetics. Their slogan for 2016 is “Savor the Flavor,” emphasizing that nutritious foods can taste great, too. Combine this monthly celebration with the new nutrition guidelines recently released by the federal government and it’s the perfect time for Sales Advisors to focus on helping shoppers choose foods that fit into a healthy diet.

Both National Nutrition Month and the new *Dietary Guidelines for Americans* focus on choosing “nutrient-dense” foods as part of a healthy diet. Sales Advisors can show shoppers how a product they are sampling is nutrient-dense by pointing out how it’s high in fiber, vitamins and/or minerals and low in saturated fat, added sugar and sodium. It can also be helpful to point out products that are high in protein or whole grains, as well as those that are made without high fructose corn syrup or artificial sweeteners. These are among the top

ingredients that shoppers are concerned about, according to the Food Marketing Institute.

To overcome the common concern that eating healthy is too expensive, Sales Advisors can highlight promotions and coupons that may be available for the products they are sampling. For products that are still more expensive than less healthy alternatives, Sales Advisors can offer suggestions for using smaller amounts of the healthier product in recipes to help it last longer. For example, when swapping out quinoa for white rice in a stir-fry, Sales Advisors can suggest shoppers add more frozen (and inexpensive) vegetables to stretch the dish further.

A similar approach can be used when sampling more indulgent items. In this case, Sales Advisors can give shoppers ideas for using small amounts of rich products, such as red meat, flavored oils or specialty cheeses, to enhance the taste of otherwise healthy dishes. This underscores the message that healthy eating patterns can be tasty—and allow for occasional treats.



Two-thirds of shoppers believe food choices are an important factor affecting their health.

—Food Marketing Institute, 2013

## [ From the Front Lines ]

### Engaging with the Evolving Customer

The “typical” household grocery shopper is changing. Ten years ago, she was a woman, likely a mother, who visited the store once or twice a week and believed brand names meant better quality. Today, research from trade groups like the Food Marketing Institute and Private Label Manufacturers Association shows that more men are taking on shopping duties, many sharing it nearly equally with women. Overall, shoppers are also visiting the store more frequently and finding more value in store brand products.

As a result of the evolution of the primary shopper, Sales Advisors must also change the ways they engage. Sales Advisor Deborah Vander Sluis, a 9-year veteran of Interactions, says she finds today’s shoppers are more willing to try new things. “Most shoppers used to stick to the same known products before. But now, I find they are more willing to try a new brand or a new variation of a product,” she says.

To capitalize on this, rather than emphasizing the familiar attributes of a product, it may actually be more effective for Sales Advisors to “encourage shoppers to try something different,” says Vander Sluis. Sales Advisors can point out what’s unique about the item they are promoting, whether it’s an updated recipe, a new flavor or a new twist on a classic, for example.

Sales Advisors should also be careful about falling back on old stereotypes about what products appeal to what types of people. As a prime example, Vander Sluis points out the increase she’s seen in children who like traditionally “adult” foods, such as seafood. Even when parents predict their children won’t like the item she’s sampling, more and more, Vander Sluis finds they do. In turn, parents often buy the product—all the more reason to go out on a limb and offer shoppers a taste of something new!



**Deborah Vander Sluis**  
Sales Advisor

# Getting the Most Out of Analytics— It's All About Alignment

By Kristen Baird, Senior Director of Insights & Analytics, Interactions

**One of our biggest strengths at Interactions is the access we have to robust information, thanks to the strong partnerships we have with our retailer and brand clients, as well as the resources and global perspective of our parent company Daymon Worldwide.**

But to turn that information into insights that can help our clients achieve their goals and improve the effectiveness of their events, we need to be fully aligned with their objectives and initiatives at all levels of their business, throughout the process.



**Kristen Baird**  
Senior Director,  
Insights & Analytics

This process begins at the very start, when Interactions' Account Executives are working with a client to develop a new program. The Account Executive needs to be very clear on what the program's objective is. Every program we execute, we want it to be measurable. But in order to build the yardstick, we have to know what the client ultimately wants to get out of the event. For example, if a customer wants to increase brand awareness, measuring sales lift isn't going to show that. Consumer awareness surveys done pre- and post-event, however, would.

**Best practice tip:** *Ask the client what the objective is. What is the desired outcome of a program or an event? This is the key to developing a targeted program—and to measuring its effectiveness.*

Clearly understanding the clients' goals from the outset also allows us to leverage insights to create a targeted consumer program to achieve results. We can use category and consumer insights, as well as lifestyle/life stage demographics to determine the best way to engage customers within a specific category. We can also leverage demographic and shopper data to determine the best stores or markets to execute the program. Every one of our Account Executives has access to our in-house analytics team to put together background on any kind of initiative like this.

Once a program is in place, it's up to our Operations teams to use the insights we gather to ensure future events continue to drive the clients' goals. Learnings from our post-event reporting should be considered when answering the question "how can we make the next event more successful?" We also should meet with our customers on a regular basis to recap events and ask about future initiatives. That means asking about promotions, special events, seasonal tie-ins—and the alignment process begins all over, again.

**Best practice tip:** *Look beyond single events to create an ongoing program in support of our customer's focus initiatives.*

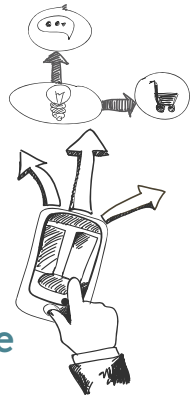
When it comes down to it, if we're aligned and planning the right products in the right stores, at the right times with the right message from the right Brand Ambassador, that produces the most effective results. Using analytics in a well-defined and purposeful way can get retailers and brands to that "right place."



## IoT Features Consumers Find Most Useful

The Internet of Things (IoT) refers to everyday objects that are connected to the Internet and can send and receive data. These objects can become "smart" by learning about our preferences and usage. Think of a coffee maker that turns itself on when your alarm goes off every morning and adds coffee to your shopping list when you're almost out. IoT is still in its early days, but so far, here are the top 5 features consumers find most useful:

1. Turning off lights from a mobile device
2. Tracking home security
3. Adjusting home thermostat
4. Turning off connected devices or appliances
5. Receiving money-saving tips and information



Source: Interactions' Retail Perceptions January 2016

# INVESTING IN RETAIL TECHNOLOGY

The Ultimate Guide to  
Today's Top Trends

*By Retail News Insider*



**F**rom beacons to mobile payments to the Internet of Things, there's no shortage of new technologies in the retail market today. But making technology investments is a huge expense for retailers—one that goes far beyond simply buying new equipment or software. Retailers often have multiple locations to consider the costs for, as well as the challenge and expense of integrating new technologies with older point-of-sale (POS) systems, like cash registers. So when are those challenges worth the investment? This month, the *Retail News Insider* team explores five top retail technology trends and delivers expert insights on where retailers should be making their investments, the benefits they can expect and best practices for implementation.



## 1. PAYMENT SECURITY

**THE TREND:** In response to continued retail hacks, several new technologies that promise to help keep consumers' financial information more secure are being introduced. The most notable include EMV "chip" cards, though biometrics and mobile payment platforms are also gaining attention.

**THE EXPERT SCOOP:** All of the experts we interviewed agree that payment security—particularly EMV chip adoption—is paramount for all retailers. "EMV isn't really a choice anymore," says Paula Rosenblum, Managing Partner at RSR Research. "You have to do it."

The deadline to implement EMV technology or assume liability for consumer losses due to data theft or fraud went into effect October 1, 2015. Yet according to surveys, up to half of retailers have yet to fully implement the new technology. Why? A number of factors play a role.

"The problem with EMV deployment right now is the certification process," says Tom Litchford, Vice President of Retail Technology for the National Retail Federation (NRF). The process of accepting new EMV chip cards isn't as simple as installing new readers at point-of-sale (POS) systems. Rather, each POS has to be certified by the organization governing EMV technology. With the rush leading up to the 2015 deadline, certification times rose from a few weeks to a few months, on average.

Difficulties in getting consumers up to speed on how to use the new chip-card readers and working through challenges with the readers themselves are also causing delays for some retailers, says Rosenblum. But that's not a reason to forgo the implementation. "There's not much retailers can do but work through it during slow times of year," she says. With the holidays over, now would seem to be an ideal time.

**THE BOTTOM LINE:** Invest now.

**What is EMV?** It's a set of security standards developed by EuroPay, MasterCard and Visa (EMV). Using computer chips embedded within credit and debit cards, EMV technology helps reduce fraud due to lost, stolen and counterfeit cards.

## MEET THE EXPERTS



**Yory Wurmser**  
Principal Retail Analyst,  
eMarketer



**Paula Rosenblum**  
Managing Partner,  
RSR Research



**Lance Eliot**  
Vice President of IT,  
Interactions



**Tom Litchford**  
Vice President of Retail  
Technology, National  
Retail Federation



## 2. DATA AND ANALYTICS

**THE TREND:** New technologies are helping retailers gather more data about shoppers, shopping behavior, inventory management and other metrics than ever before. When combined with new analytics technologies, this can enable retailers to glean insights to inform more targeted development and launch of products, marketing campaigns, on-shelf merchandising and more.

**THE EXPERT SCOOP:** According to Yory Wurmser, Principal Retail Analyst for eMarketer, data integration and analytics are critical for retailers looking to compete in today's omnichannel environment. "You want to have a pretty seamless experience in-store and online," he says. "For example, you can't have inventory showing online but not in-store, or a deal that's valid on one platform but not the other."

For retailers, that means investing in back-end technologies that integrate inventory, pricing and promotional data across all channels.

Investing in analytics that allow for targeted marketing should also be a top priority. Retailers who do this "are going to see their acquisition marketing get a lot better," says Wurmser. "They'll also have a better ability to do retention marketing. The more you know about customers and their shopping behaviors, the more targeted information and offers you can provide, which will perform much better than offers that don't benefit from that data."

While the implementation of a robust data and analytics program may seem daunting, Dr. Lance Eliot, Vice President of IT for Interactions, reassures retailers that the investment can start relatively small and build over time. "There are also many in-the-cloud DW/BI systems that a retailer can get started with, and thus avoid the older era trauma of having to setup a bunch of hardware and other infrastructure," he says.

**THE BOTTOM LINE:** Invest now.



## 3. THE INTERNET OF THINGS

**THE TREND:** The Internet of Things (IoT) is the connectivity of everyday objects (such as coffee makers, TVs and wearable devices) to the Internet, which allows them to send and receive data. Retailers have opportunities to integrate IoT technology both on the back-end—for example, to track and manage inventory, and in consumer-facing devices—for example, to interact with shoppers at ever-more points along the path to purchase.

**THE EXPERT SCOOP:** According to Litchford, "IoT is the next big wave of technology disruption, following the initial Internet and mobile waves." He cites its importance in helping retailers achieve true omnichannel capabilities and sees particular promise in the use of RFID (radio-frequency identification) for inventory tracking.

Litchford echoes Wurmser's practice of using data integration and analytics to ensure more seamless online and offline experiences. But for both technologies, Wurmser cautions retailers against looking solely to sales results to measure the return-on-investment (ROI).

"It's a very foreign concept for retailers, but [it's important for them to understand that] it is not always possible to attribute ROI to a specific channel," he says. "The way a retailer needs to think about it is more of where does this channel play a role in the path to purchase and how do you make that path to purchase better so you are capturing more sales overall, regardless of channel."

**THE BOTTOM LINE:** Start planning now; invest soon.

In 2015, there were over **3 billion** consumer IoT devices in use driving **\$416 billion** in spending, according to IT research firm Gartner. By 2020, that's predicted to rise to over **20 billion** devices driving over **\$3 trillion** in spending.





## 4. BEACONS

**THE TREND:** Beacons are a type of in-store tracking technology that allows retailers and brands to gather data about shopping and browsing habits and send targeted messages and promotions to consumers. The technology uses small wireless devices placed around a store to send and receive data from shoppers' mobile phones, tablets and other wireless devices.

**THE EXPERT SCOOP:** Several of our experts agree that while beacons can enhance and differentiate the shopping experience, not all retailers are ready for them.

"Larger retailers generally have the budgets to do trial-and-error kinds of attempts on these technologies, while smaller retailers are at such a thin edge of margins that they really can only put money toward a sure thing," says Eliot. "Though the future will ultimately force all retailers into beacon technologies, right now, those retailers that have a limited ability to tackle technologies [either in terms of budget or capacity] should be focusing on security and data/analytics."

**THE BOTTOM LINE:** Start researching and planning; invest once security and data/analytics have been addressed.



## 5. IN-STORE AUGMENTED REALITY

**THE TREND:** Augmented reality (AR) is the use of technology to change a consumer's perception of the environment. Put more simply, it's taking a computer-generated image and layering it on top of a person's view of the real world. In retail, that's starting to play out in the form of mobile in-store maps that point out items on sale or "magic" mirrors that allow consumers to try on makeup or clothing virtually.

**THE EXPERT SCOOP:** Like beacons, our experts say that while AR is an important burgeoning technology, it shouldn't take priority over more critical ones such as security and data/analytics. "In-store AR is probably a nice-to-have," says Rosenblum.

"AR is definitely coming down the line, but it's still really early," agrees Wurmser. "If companies have to decide where to invest, it's not one of the two technologies I would lead with. But it has huge potential to enhance engagement... and improve the in-store experience. Where we're really going to see

Beacons will influence over **\$40 billion** in sales in 2016, predicts research service BI Intelligence.

AR become transformative is through apps. In-store apps will be much more informative and engaging with AR functionality."

**THE BOTTOM LINE:** Evaluate business needs and consumer expectations before investing.



## WHAT'S NEXT

Our experts also pointed out several other technologies that should be on retailers' radars for the future. These include video analytics, 3D maker machines, artificial intelligence (AI), virtual reality and order management solutions that allow retailers to treat inventory as a shared asset across all channels and stores.

"A bit of research and development continually needs to be done so that retailers are at least aware of and dabbling in the next generation of technology," says Eliot. "Doing so can help them avoid being 'Uber'd' out of the market by a digital disruption that catches them completely by surprise."

"Retailers have to [continue] investing in technology to drive strategic differentiation with their customers," agrees Litchford. "They have to focus on driving unique experiences." Which is exactly what many of these new technologies promise.

## 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



## Beyond Gluten-free

# CHANGING THE MARKETPLACE OF “FREE-FROM” FOODS

A few years ago, gluten-free foods were often difficult to find. But with the increasing recognition of celiac disease and the popularity of “paleo” and other low-carb diets, gluten-free has become a major, mainstream category—valued at over \$8 billion, according to market research firm Mintel. This has led to a major shift in the marketplace, opening the door for a wide variety of other “free-from” foods that eliminate certain ingredients commonly found in packaged foods.

The ingredients shoppers are most interested in avoiding include trans fats, GMOs (genetically modified organisms), artificial colors and flavors, and common allergens such as peanuts, eggs and soy. The allergy-free market has seen a particularly significant surge in the last five years. Mintel reports new product launches featuring a free-from allergy-related claim rose from 11 percent in 2011 to 28 percent in 2014—the highest of any free-from claim.

But it’s not just people with allergies or other intolerances who are seeking out these free-from foods. According to Mintel, 84 percent of consumers buy free-from foods because they believe the products are both healthier and less processed. Many also believe these products are better for the environment. Overall, Millennials and Generation X shoppers are the biggest demographic groups fueling the free-from trade, and are particularly driven to the category based on concerns they have about what’s in their food.

The snack food category appears holds particular promise for new free-from formulations. According to market research company Nielsen, 91 percent of Americans snack daily. And while nearly half of those consumers agree that snack foods contain some of the most controversial ingredients, only about one-quarter of new snack products launched in 2014 included a free-from claim, says Mintel. Providing options more free-from snack options, then, could help shoppers change their perceptions of snacking from a guilty pleasure to a healthy habit.



**84 PERCENT OF CONSUMERS BUY FREE-FROM FOODS BECAUSE THEY BELIEVE THE PRODUCTS ARE HEALTHIER AND LESS PROCESSED.**

# SAS Retail Services' Growth Offers Opportunities

for Retailers—  
and Associates



**SAS Retail Services has gone through several evolutions throughout its 30 year history. With each advancement, the company has aimed to improve its services, technologies and opportunities not only for retailers, but also for its associates. One of the best examples of this can be seen in the company's recent launch of a dedicated in-store execution (ISE) program with Northeast grocer Ahold USA.**

The partnership with Ahold is not entirely new, but rather an expansion and improvement upon their original contract with SAS Retail Services. Like many of SAS Retail Services' clients, Ahold has now moved from a managed model to a dedicated ISE program, after realizing the efficiencies to be gained.

"When we originally started the managed program at Ahold, they primarily looked to us for help with execution," explains Alonso Garcia, SAS Vice President of the Ahold program. "But as Ahold underwent some major reorganization in 2015, they looked to us to take on a greater role. We saw that as our opportunity to step up and show them we had the knowledge and skills to drive the whole program—not just execution, but also planning.

"We helped them gain efficiencies and expand the program, enhancing our services to fit their needs," Garcia continues.



"We also partnered with them on a major store acquisition, covering 25 A&P stores they had purchased in the New York metro area to Ahold banners in just 5 weeks."

Ultimately SAS's efforts paid off, landing them the new contract for a dedicated ISE model. That meant expanding the managed program that relied on third-party merchandisers managed by a team of just over 30 SAS operations managers and territory supervisors to an over 1,600-person team of SAS merchandisers, managers and supervisors—all in 4 weeks. True to their track record, SAS launched the program in January on time and fully staffed, even exceeding the year-over-year execution rates in the first week.

Alonso Garcia credits the success of the launch much to his team's "hard work, dedication and the willingness to do what it took to get this done." His own career path has been driven by much the same—and highlights the opportunities SAS Retail Services' growth is also offering its associates.

Garcia, a 16-year veteran of SAS, started working for the company right out of high school as a part-time merchandiser for Southern California retailer. From there, he became a team lead, then a full-time salaried lead at the retailer, before moving on to a broader role as a field supervisor. As the company landed new accounts with different retailers, Garcia offered his knowledge and experience, eventually moving out of the Southern California area to serve as the Director of Operations for a Northern California retailer. His biggest move came when he was tapped to help with Ahold account in Pennsylvania, where he now serves as its Vice President.

"I like to joke that it's almost like a farm system out of the Southern California office," says Garcia. "There are several of us who were hungry for opportunity and have been given the chance to move and grow with the company."

The company's success and that of its associates goes hand-in-hand, driving continued growth for both, as well as innovation for its retailer clients.

*To learn more about SAS Retail Services' in-store execution and merchandising capabilities, contact Michael Bellman – President SAS Retail Services – at [mbellman@sasretailservices.com](mailto:mbellman@sasretailservices.com).*



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