

RETAIL NEWS

INSIDER

THE COST OF CRIME

WHAT HAPPENS WHEN RETAILERS GET HACKED

CRIME SERIES – PART 1



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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Interactions Creates Innovative Meal Solutions



Bharat Rupani
President, Retail Services

As we wrap up the first quarter of 2016, I find that measurement is often on my mind. It has a heavy impact on our business. It's often a key tool in how we are evaluated, and rightly so.

Measurement is a given—we inherently want to measure all aspects of our

Measurement and Fighting for the Intangible

business. If we put a yardstick to our actions we can report on where we are and know how far we have to go to reach our objectives. In many cases, measurement is a necessary tool on the path to success. When you quantify goals, it is hard to argue with numbers. We need to measure and must continue to do so.

However, I would argue that some of the most human aspects of business are often difficult to measure. And aren't we, at our core, a very human business? Yes, we produce three million events a year and the sales results for retailers as a result of our work quantifies the effectiveness of our programs, but there's more than sales at play here. It's the millions of shoppers we interact with over the course of a year. It's that brief moment when our Sales Advisors and Brand Ambassadors connect with shoppers, talk with them, and maybe provide them with new information or a bit of humor. It's the

moments we have with each other, the connections formed in person and over the phone. Without those moments which provide a lasting human touch, all other efforts will fall flat.

As we look ahead to the rest of the year, and firmly set our goals in place, I encourage our teams and partners to measure and monitor, but to also fight for the intangible—the human connection. We are all responsible for bringing an elusive element to every engagement, regardless of its size. It is that which we cannot hold onto that is the reason the rest of what we do works.

Thank you for doing your part to make all of this work, to make all of what we do a success for everyone involved.

All my best,

Bharat Rupani
Bharat Rupani

[Editor's Corner] Building Trust

In many *Retail News Insider* articles, we focus on how retailers and their teams can engage consumers to provide a memorable shopping experience. So much goes into creating a good experience for today's savvy shoppers—from the interactions consumers have with associates to the technology that supports those experiences. As several articles in this month's issue remind us, retailers must maintain a foundation of trust with their consumers or they may never have a chance to deliver the shopping experience consumers have come to expect.

Our Market Watch feature, the first in a three-part series on the cost of crime in retail, highlights the important aspects of building and maintaining customers' trust and investigates what happens when retailers get hacked. As you'll read, financial losses aren't the only consequence—consumer trust can take a major hit, ultimately

leading to further losses. Fortunately, there are ways retailers can protect themselves and regain consumer trust if a breach occurs. Flip to page 6 to read more.

In our Essentials to Engagement column, we learn the vital role Sales Advisors play in building trusting relationships with shoppers. Not only can Sales Advisors foster trust, their positive engagement is likely to be rewarded with higher sales.

Be sure to check out the Knowledge Portal to learn more about The Agency, and our other stories which I hope you will find equally informative.

All the best,

Angelica Martinez
Angelica Martinez



Angelica Martinez
Communications
Manager

GETTING TO KNOW YOUR STORE'S SHOPPERS ONE SMILE AT A TIME

Sales Advisors play an important role in helping retailers develop relationships with satisfied and loyal customers. When consumers are engaged, they learn new recipes, try new products and enjoy a shopping trip that may have otherwise been a chore.

Infusing personality to your in-store demos lays the groundwork for fostering memorable experiences and gaining trust from shoppers—particularly the frequent shoppers who visit the store. Interactions follows SITGA to enable Sales Advisors to make quick, efficient and meaningful contacts that provide results.

Here's how SITGA Works:

Smile – Look around you and smile at customers.

Invite – Be approachable. Food draws customers to your cart but a friendly person that appears inviting will make the difference from a quick hand that grabs a sample from a person who takes the time to learn more about your demo.

Talk – Let your personality shine! Talk to shoppers as if you were talking to good friends about the products. Let customers know why your sample is something they can't go on missing.



Give – Share ample samples and give customers ideas on how they can use it.

Ask – Encourage customers to try the product at home.

As simple as it may seem, making an effort to practice these essentials to engagement consistently helps create connections with shoppers. Done right, these steps will build trust and rapport with loyal customers who see you repeatedly in the store. Customers may not always buy, but they will come away feeling valued and are likely to return the store—and your cart—in the future.



[From the Front Lines] APPEALING TO VARIED TASTES

Simply look at the variety of options on the grocery store shelves and it's easy to see consumers have a plethora of flavor and food preferences. According to research by distributor Gordon Food Service and market analysis firm Technomic, almost all consumers place emphasis on fresh, healthy foods. But more specific flavor preferences often cut along generational lines. For example, Baby Boomers tend to prefer traditional foods with a twist, whereas younger generations tend to enjoy more exotic flavors.

Keeping the diversity of customers and their varied tastes in mind is key to successfully engaging consumers during in-store demonstration events, says Lead Sales Advisor Marjorie Richards. "It's important to not only tell the customers about your product, but to also give them different ideas for using it beyond the way it is being sampled in the store."

"For example, we had a seafood salad recently that some customers thought was a bit too spicy," she says. "Instead of eating it on its own, I suggested serving it on top of lettuce to help balance the flavor which many customers commented was a great idea they hadn't thought of."

Richards encourages Sales Advisors to use their own experiences with food and their imagination when reinventing ways to use products. "If you're sampling breakfast sausage, don't get stuck thinking it can only be a breakfast meal," she says. "I tell customers they could put the same sausage on a bun for lunch, or fry it up with potatoes and onions for dinner. Often when I start pointing out different ideas, customers start coming up with ideas of their own."

Helping customers see how they can use products at home not only appeals to varied tastes, it's also the key to driving sales.



Marjorie Richards
Sales Advisor

THE AGE-OLD QUESTION: HOW DO YOU KEEP GREAT ASSOCIATES?

By Whitney Moore, Vice President of Human Resources, Interactions



Whitney Moore
Vice President of Human
Resources, Interactions

How to keep great associates really is a question for the ages. It's a topic with as many advice columns, webinars and statistics that you'll find in the world of business. Heck, even cavemen weren't immune, without the best hunters and gatherers they simply wouldn't survive.

Today's workplace is much the same. While we are technologically advanced and as streamlined as possible with a workforce of more than 30,000 part-time associates alone, the fact is, without associates, without great associates, we won't succeed. These associates are spread out across hundreds of locations in dozens of countries so having a method to our madness helps keep a bit of sanity among my team, and our field teams as well.

STEP 1: RECRUIT THE BEST WITH THE BEST

In order to hire great associates, we need to find them first. We use Workday as our full-service HR tool, and this technology has helped streamline recruiting. Ultimately, our business is people performing services, so it's critical for us to attract the right types of candidates who can engage customers and consistently execute successful events. We recruit through traditional methods such as online job sites, social media platforms and job fairs. We also rely on word of mouth and referrals from our own associates to find great talent. We have found that the best way to attract great people, is to have great people working our events in the first place. Having people walk into a store and apply for a Sales Advisor position after seeing a great event in person is one of the most popular ways we recruit. Great attracts great is certainly our truth here.

STEP 2: SELL THE BENEFITS

Know your audience and promote the job features that align with their lifestyles. For example, to help attract the best part-time candidates, we offer a somewhat flexible schedule with predictable daytime hours. In most cases, the job is often

very independent. This often appeals to talented candidates who have finished their primary career, but are looking for continued meaningful part-time work. It also appeals to moms, college students or anyone else in the market for reliable part-time hours.

STEP 3: KNOW THE LAWS

Any large employer will tell you that a significant challenge is navigating the different laws and regulations that pertain to full- and part-time workers in different areas. For example, minimum wage laws are becoming very complex. There's not only a federal minimum, but different jurisdictions are now setting their own minimum wages. Then there are additional benefits and legislative issues to consider, such as paid sick time and health-care. Without a doubt, this isn't a nice to have item, it's a need to have.

STEP 4: EDUCATE AND TRAIN

Once associates are hired, we provide ongoing training and education to help them succeed. Initial training during their onboarding could include food safety or selling techniques. As they progress with the company, we offer education and training throughout their careers. Training could be on a specific product for our sales teams or it could be on management techniques for our field managers.

STEP 5: REPEAT

Hiring the best associates isn't an event, it's a process. We didn't start out with the perfect approach, but we've done our best to improve and simplify our processes over the years. As our CEO Jim Holbrook has said in many meetings, we want associates to drive faster going to work in the morning than they do going home at night. And isn't that what we all hope for at the end of the day?

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THE COST OF CRIME

WHAT HAPPENS WHEN RETAILERS GET HACKED

CRIME SERIES – PART 1

By Retail News Insider

Tens of millions of Americans have been victims of major hacks in recent years. As more consumers pay with plastic and begin to pay with their phones, they're handing over more data than ever—from card numbers to email addresses to birth dates and more.

With each swipe of the card, consumers place implicit trust in the retailer to keep their accompanying personal and financial information secure. Ultimately, trust is the foundation of the retailer-consumer relationship. So what happens when a security breach shatters the trust between the retailer and the consumer? In the first of a three part series on the cost of crime in the retail industry, *Retail News Insider* investigates how retailers can fall victim to hacking, what happens once a breach occurs and how retailers can recover.

WHO IS AT RISK

According to FBI Special Agent Chris Christopherson, retailers shouldn't be asking *if* a security breach could happen, but *when* it will take place. "Retailers need to understand they're going to be targeted even more than they think is possible," he says.

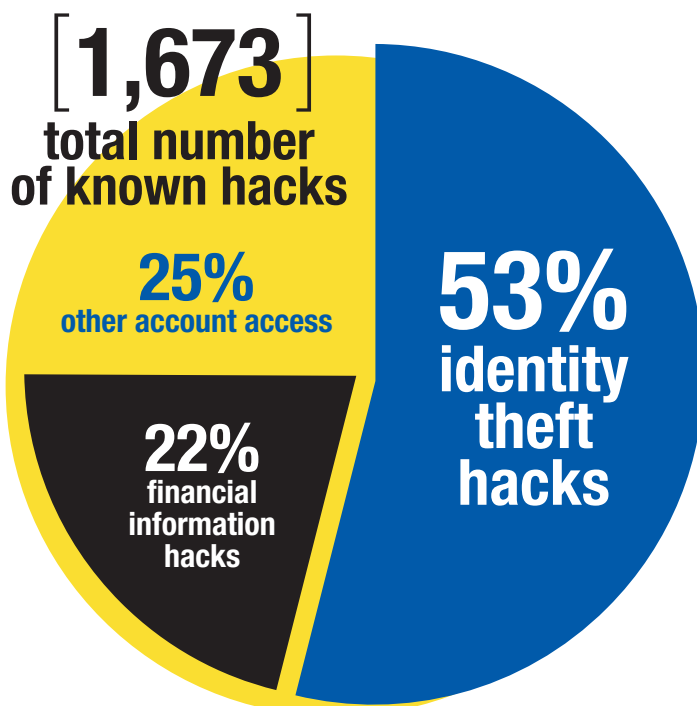
While the media has focused mostly on security breaches at large national retailers, Christopherson warns that no retailer is immune to these cyber attacks. Since several large hacks dominated headlines in 2014, "we've actually seen a shift in terms of criminals targeting smaller to medium size retailers," says Christopherson. "Criminals may think these retailers don't have the same kind of security as the larger chains. Overall, there's been more information lost and personally identifiable information (PII) has been compromised. But because the companies are smaller, these incidents don't get a lot of media attention. In terms of sheer numbers, I think retail security hacks have gotten worse."

Greg Ferrara, Senior Vice President of Government Relations and Public Affairs at the National Grocers Association agrees. "Whether you're a big retailer or small neighborhood grocery store, you're facing attacks every day," he says.

To be fair, he also notes retailers are not unique in facing this risk. "Retail hacks get a lot of media attention, but more attacks have been happening in the financial

industry," he asserts. A recent investigation by Verizon found that only 1 out of every 13 hacks resulting in data loss occurs at retailers, while nearly double occur at financial organizations—and even more at take place government agencies.

SECURITY HACKS 2015— BY THE NUMBERS



Source: 2015 Data Breaches Report, Gemalto



707 million
records were lost
or stolen in 2015

40 million
of these were
part of retail hacks

Source: 2015 Data Breaches Report, Gemalto

These numbers don't absolve retailers from preventing attacks, but rather reinforce the idea that everyone with potentially valuable data is at risk for a hack. "Cyber attacks are a for-profit business," says Tim Erlin, Director of IT Risk and Security Strategist for IT security firm Tripwire. "Hackers are mainly looking for personally identifiable information that they can make money off." With consumers' personal and/or financial information, cyber criminals can empty bank accounts, commit identity theft and more.

UNDERSTANDING HOW ATTACKS OCCUR

How do cyber criminals get into retailers' systems in the first place? Experts say the methods are as varied as the retailers themselves.

"Cyber criminals range from amateurs to pros, and security threats range from random chance attempts to focused, prepared attacks," says Dr. Lance Eliot, Vice President of IT for Interactions.

Eliot says several of the most publicized attacks in recent years have stemmed from malware being installed on retailers' computer networks. "In these types of attacks, cyber criminals access the retailer's

computer network and remotely plant nefarious software, referred to as malware, onto point-of-sale (POS) devices at the retailer's stores," he explains. There, the software can capture payment information each time a consumer uses a credit or debit card to pay. That data is then transmitted to the criminals, who can go on to profit from it.

As for how cyber criminals are able to gain access to retailer systems, there are again multiple possibilities. "It could be anything from someone sitting in your parking lot trying to hack in through your WiFi network, to someone sending Trojan emails, to someone coming in and physically tampering with your systems," says Ferrara.

In some cases, attacks can also begin in less direct ways. For example, cyber criminals may target a third party first (such as a vendor who works with the retailer) with the eventual goal of gaining access to the retailers' systems.

PREVENTING AND PREPARING FOR SECURITY THREATS

"While there's no surefire way to prevent all cyber attacks, there are things retailers can do to help protect themselves and their customers' data," says Eliot. "This should be a top priority and must involve associates at every level, from the IT department to front-line sales clerks."

It begins with retailers doing a careful assessment of their systems and processes. "Retailers should focus on securing POS systems, identifying where credit card data exists elsewhere in the system and going beyond the PCI (Payment Card Industry) data standard to make sure they're adequately securing that information," says Erlin.

Retailers also need to identify where else they have sensitive data stored in their systems, whether it's customer data or their own organization's information. They need to look at what could be profitable to someone else. This could include e-mail addresses, phone numbers, HR databases and anything around loyalty cards. "Those systems should be secured and access to them should be limited to only those with a legitimate business need," Erlin said.

NEARLY 75% OF SHOPPERS BELIEVE THAT KEEPING SHOPPER INFORMATION SAFE IS THE RETAILER'S RESPONSIBILITY—NOT THE BANKS'. —Retail Perceptions, March 2016

Ferrara adds that retailers also need to look carefully at public WiFi networks. “If you’re going to provide free WiFi to your customers, it has to be totally separate from everything else in the store,” he says.

Beyond technology controls, employee training is also key to thwarting breaches. “There are a lot of attacks that involve getting a human to click on a link,” says Erlin. “Training is the best defense against this, and it has to be done on an ongoing basis because hackers often change their tactics.”

“It’s important for retailers to make their employees aware that there are people who will commit fraud and to teach them what to look for so that security or loss prevention experts can be contacted right away,” adds Special Agent Christopherson. “I’ve been surprised with the number of cases I’ve seen where retailers’ customer service agents were so focused on providing good customer service it didn’t necessarily occur to them that when something strange happens, it could be fraud.”

In addition to enhanced security measures, Eliot recommends retailers also have a crisis management team in place. “Even with the latest and greatest in cyber protections, there is no guarantee that a retailer will be immune to a breach,” he says. “Retailers should have a crisis management team trained in dealing with cybercrime in place well before they need one.”

While there are undoubtedly costs associated with improving security and monitoring for threats, experts say the costs of not doing so can be even greater. The FBI estimates annual losses from retail security hacks to be in the billions of dollars. Retailers can be on the hook for covering consumer losses that result from the hack, and may also suffer decreased sales following one. Beyond financial consequences, the loss of consumer trust can be devastating. “If a breach is big enough, it could put a retailer out of business,” says Ferrara.

RECOVERING FROM A DATA BREACH

If, despite a retailer’s efforts, a breach does occur, how a retailer reacts can be critical to both its survival and in managing consumers’ perceptions. The first step is to plug the breach and determine what data has been lost. Once the retailer determines the scope of the breach and notifies law enforcement officials, the next step is to communicate with consumers. The

way in which this is done can be a key turning point in recovery for a retailer.

A recent *Retail Perceptions* survey by Interactions found that 80 percent of consumers believe retailers can rebuild trust lost during a data breach by being honest about the incident. The majority of consumers also placed emphasis on retailers communicating with them and responding to questions, taking financial accountability and investing in additional security measures to prevent future attacks.

“I’ve been surprised with the number of cases I’ve seen where retailers’ customer service agents were so focused on providing good customer service it didn’t necessarily occur to them that when something strange happens, it could be fraud.” –FBI Special Agent Chris Christopherson

“Explain what happened, if consumers’ data was exposed and what you’re doing to protect them in the future,” advises Ferrara. “If you’re honest and upfront, the consumer will accept that. It’s sad that there are so many breaches consumers have come to somewhat expect it. Those retailers who respond in a transparent and helpful way are typically rewarded by consumers’ loyalty.”

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

THE ERA OF SECURITY BREACHES



64% OF SHOPPERS
have accepted security
breaches to be part of
the shopping process.

53% SAY THAT
security breaches are a risk
they're willing to take in
exchange for convenience.

43% OF SHOPPERS
don't trust companies to
keep their personal
information safe.

85% OF SHOPPERS
are aware of companies
that have had a security
breach where customers'
personal financial
information was exposed.

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Interactions Creates Innovative Meal Solutions



It's early Monday evening. You've just finished up your workday, or picked up the kids from school or sports practice. But you still need to make a quick run to the store before heading home. You rush through the aisles getting the items on your list, when suddenly you smell something wonderful. As you round the corner, you see someone whipping up a delicious-looking meal right there in the store. As you take a bite of a sample, the rest of your night just got a whole lot easier—the answer to tonight's dinner is sitting right in front of you.

That's the experience thousands of shoppers have enjoyed since Interactions recently launched a new Meal Solutions program. The program came about through a collaboration between the retailer, Interactions and Interactions' parent company, Daymon Worldwide.

"Our client wanted to develop an innovative program to engage with consumers who don't necessarily have the opportunity to shop on the weekends," explains Jennifer Morgan, Business Manager for Interactions. "They also wanted to go beyond standard product demonstrations and do something more elevated and sophisticated."

With this goal in mind, the Interactions team worked alongside the retailer and John Burt, the retailer's liaison at Daymon Worldwide, to develop a comprehensive experiential program that offers cooking demonstrations, recipes, product sampling and digital engagement.

At each event, Interactions Brand Ambassadors show shoppers how to prepare a meal using featured owned- and national-brand products available in the retailer's grocery department.

The Brand Ambassadors share recipe cards and use tablets installed on their carts to educate shoppers about the retailer's online recipe hub. The hub

features recipes from the Meal Solutions program, as well as other vendor and owned-brand dishes. In addition, Brand Ambassadors educate guests how to use the retailer's apps to find products in the store and get extra savings on them. After each event, Interactions' analytics team shares in-depth reporting and analysis on engagement with customers.

Since January, 45 stores have featured weekly events. Another 55 stores are expected to begin hosting events in June. Feedback to date has been overwhelmingly positive—from both the retailer and shoppers. "Many of our Brand Ambassadors report they're getting to know repeat customers. Those shoppers say they're intentionally scheduling their visits in order to attend these events," says Cassandra Peterson, Interactions Account Executive. "Some people will take a recipe card and then go buy every item on it to make that meal."

"Our retailer partner has also responded well to hearing how our Brand Ambassadors are taking initiative to help shoppers download its digital tools during the event," adds Morgan. "That's instant conversion, and it really showcases how this program encompasses digital, experiential and grocery components."

"We've been in lockstep with the retailer throughout this program," concludes Burt. "From the custom-designed collateral to the technology and talented Brand Ambassadors, the whole program has an elevated feel that's synonymous with how the retailer is positioning its grocery offerings."

To learn more about Interactions' event marketing programs, contact Lindsay Steller, Director of Sales and Marketing, at lsteller@interactionsmarketing.com.





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