SCT News

Retailers investing big in customer technology, NOI conference told

Smart brick-and-mortar retailers are evolving fast to keep up with online competitors such as Amazon, creating value-added in-store experiences that are seamlessly tied to online and mobile channels, Deborah Weinswig, managing director at Citi Group, told attendees at ICSC's NOI+ Conference in Orlando Wednesday. To achieve this "omnichannel" mix, many retailers are spending their cash reserves not on new stores but on e-commerce and other technology initiatives. "Capital expenditure has not slowed," Weinswig said. "It has been redirected."

Walmart is leading the charge at its Walmart Labs division, which is based in California's Silicon Valley, she said. Among a range of projects, its engineers there are busy figuring out how to use its recently purchased social media search engine Kosmix to best track customers' shopping patterns. And the retailer is not sitting on its findings. "Walmart is sharing info and helping everyone," Weinswig said. Nordstrom, for its part, has hired 400 new I.T. engineers in the past six months, she said. Even supermarket chain Safeway is finding ways to analyze its frequent shopper data to offer customers coupons prior to their store visits rather than after through a program called Just For U, she said. Such loyalty program data will prove to be a goldmine for those chains that learn how to use it effectively, she said. For example, sales will jump at chains that are able to use frequent buyer program data and smartphone tracking technology to greet shoppers by name and make personalized product recommendations to them based on their prior purchases, Weinswig said.

Radio-frequency identification (RFID) is also playing a big part in creating value-added in-store experiences, she said. The technology, which tracks inventory via microscopic electromagnetic tags, has been perfected in recent years and is ready for a variety of applications. Macy's Inc. plans to start using RFID this fall to replenish stock in stores. The conglomerate's Bloomingdale's store in New York City's SoHo district already uses RFID store-wide and has managed to significantly reduce labor costs and shrinkage, she said. JCPenney will use RFID in all its stores starting in 2013, when shoppers will be able to check themselves out with special wands. Such wands will help jazz up the in-store shopping

experience by doing such things as leading shoppers to the items they are looking for in labyrinthine warehouse stores such as those operated by Sam's Club.