Every Kohl's, Every Customer, Every Time

By: Anna Rosetti

John Worthington, the Senior Executive Vice President of Kohl’s department stores, left me with the most memorable piece of advise as a soon to be college graduate. He said upon entering a position with a company ask yourself, “Do they have the ability to grow?” Growth is one of many areas in which Kohl’s has excelled.

Kohl’s was once a local mid-western based department store. In 1997 they had 150 stores in only 15 states profiting $2 billion annually. Now in 2008, they have 1000 stores in all of the continental United States earning $18 billion. While undergoing expansion, they wanted to stay focused on the customer and keep their profit model the same.

Kohl’s has had a successful outtake on brand image. They have launched many of their own private label brands. They have also acquired many exclusive partnerships with manufacturers.

See KOHL’S on page 6...

Walgreens Focuses on the Neighborhood

By: Stephen Pemberton

The Retailing Smarter Symposium had the pleasure to listen to Don Whetstone, the Senior Director of Merchandising Strategy and Development for Walgreens. He presented an overview of the culture, history and future of the oldest drug store chain in America.

Ask yourself this: is there a Walgreens close to your home or even within a few miles? If you answered no then there might be one opening soon because with one opening every 17 hours, it is likely that one is not far from opening! Walgreens is located in 49 states with Alaska in their crosshairs. One-third of their stores are under five years old because of massive remodeling. Walgreens currently employs about 250,000 employees with more to come because of the growth. Walgreens strives to align their stores to customers’ needs, and be the most relevant drugstore in the community. This means that they carry products and services that customers need during every aspect of their life.

See WALGREENS on page 6...
Office Depot Engages Your Most Valuable Customers

By: Daniel Braughler

Chuck Rubin presented to symposium audience about investing in innovative products and services which will set Office Depot apart from competitors.

How do businesses cope with limited resources and have the greatest return while treating all customers equally? They don’t. According to Chuck Rubin, President of North American Retail for Office Depot, all customers are not equal and retailers must implement strategies for engaging the most valuable customers. Mr. Rubin is fighting a rising attrition of loyal customers by instilling value in his brand. Retailers have long understood the 80/20 rule, but mission statements are vague and objectives are not easily achievable. Mr. Rubin is taking Office Depot in interesting new directions. Since joining Office Depot in 2004 Rubin has implemented diverse changes in the merchandising, marketing and store operations directions. Since joining Office Depot in 2004 Rubin has implemented diverse changes in the merchandising, marketing and store operations which are just some of his responsibilities. Office Depot has identified and is specifically targeting the small business market to maximize return on advertising and provide a core focus for the company. Mr. Rubin has begun marketing initiatives through NASCAR and Roush Racing that offer a small business mass media exposure that would not be possible otherwise. Expanding Office Depot’s traditional customer base with new and intriguing ideas will allow this retail giant to better position itself to serve its customers.

Mr. Rubin believes that two key ways to excel in the minds of customers is by offering innovative products and innovative services. Office Depot is continually investing in these areas to become a leader in the office supply market. Mr. Rubin is also empowering store managers and teammates to strengthen relationships with customers and exceed their expectations. With these stronger customer relationships and unique private branding that Office Depot has created, the company is redefining its most valuable customers and retaining them with greater purchase frequency. With a practical business minded approach, Chuck Rubin will extend Office Depot’s product offerings and create greater returns by satisfying its most valuable customers.

Retailing Smarter 2008 (continued)

Care clinics as a “point of care” as a way to change with the population. Chuck Rubin of Office Depot felt that innovative strategies of strong customer relationships and valuable brands must be implemented to engage loyal customers. “The Hess Way” of training associates creates a positive customer experience which is part of Hess’ values as Richard Lawlor of Hess explained. Scott Edmunds of Chico’s FAS also commented on fast growth and change by how intellectual capacity can be surpassed on a team with the changes in business.

These were just a few of the many perspectives offered during this progressive meeting. Next year, the Miller Center scheduled the Retailing Smarter symposium to connect again with retailers across the country. On June 25-26, we will meet at the Omni Orlando Resort at ChampionsGate. See you there!
The first presentation at the 2008 Retailing Smarter Symposium in Orlando, Florida was by Dan Stanek, Executive Vice President, TNS Retail Forward. He has experience in the areas of brand strategy, market positioning, channel strategy, and consumer behavior.

Stanek’s presentation focused primarily on the ever-changing world of retail and gave several valuable examples of ways to survive during this transitional period in the retailing industry. He explained that the long-term cycles of retail are coming to a close, and if we want to remain profitable as retailers, we must create new ways of doing business and have an active role in changing the retail business cycle.

Stanek presented fifteen great facts to explain how and why the transition of retailing methods is taking place. A majority of his facts dealt with the differences between age groups. For instance, Stanek mentioned that the gap is widening between those who are above fifty five years old and those who are under thirty five years of age. This vast age gap helps clarify the differences in purchasing patterns, particularly the need expressed by consumers for more personalized products and the desire for a more enriching lifestyle full of comfort and ease.

By: Rachel Adams

One of the most important facts Stanek discussed was that the consumer has more power now more than ever. Opposed to the past, when the suppliers and retailers generally controlled the market, the consumers are now the ones calling the shots and controlling the future success of the retailing industry. He then added that understanding your shopper and analyzing their shopping patterns can potentially aid in the opportunity for growth of your company.

Stanek also presented fifteen trends retailers should be aware of to remain competitive in the marketplace. Downsizing may become necessary for future sustainability of most companies. He also said “globalizing”, making something more personal to local consumers in a global market, could potentially be a smart idea for retailers. Basically, what was once considered unconventional is now becoming ordinary and retailers must be willing to cater to their consumers to remain profitable in the future.

By: Jaclyn Mennie

Scott Edmonds, Chairman, President and CEO of Chico’s FAS, Inc., delivered an inspiring presentation to the Retailing Smarter Symposium. Chico’s FAS is comprised of three brands: Chico’s, White House/Black Market, and Soma Intimates.

From 2004-2006, Chico’s FAS opened over 300 stores. Today, Chico’s has 1,070 stores and operates with no debt. What distinguishes the Chico’s, White House/Black Market, and Soma Intimates brands from their competitors is their focus and concentration on personal service and great merchandise.

Mr. Edmonds provided the audience with a recap of the important lessons he’s learned during his exceptional 15 year tenure with the company. Tackling strategic issues with an aggressive, intelligent focus has paved the way for significant growth. Technology transformations, market fluctuations, and a competitive worldwide business environment have presented challenges and solutions that Mr. Edmonds thinks could have been handled differently.

Mr. Edmonds believes there shouldn’t be a difference between the way you run a public company and a private company. Rising stockholder pressures can be particularly stressful, but shouldn’t interfere with business decisions. Mr. Edmonds noted, “Just run your business. Let the street deal with the results.”

By: Jaclyn Mennie
Building Customer Loyalty in a “Google-ized” Marketplace

At the 17th annual Retailing Smarter Symposium, corporate loyalty advisor Jill Griffin presented to over 200 retailers and students about building loyalty in a “search-savvy” world where Internet-empowered consumers enjoy unprecedented product choice and access. Griffin has a new book on the subject, Taming the Search-and-Switch Customer, which will be published March 2009 by Wiley/Jossey-Bass. In both her book and presentation, she presents four concepts that are forever changing customer loyalty building dynamics:

“I Googled it.”
Compulsion-to-Compare
The Search-and-Switch Customer
The “Worth it” Test

“I Googled it” is a phrase that has been readily adopted into the English language. Whether a consumer is shopping for the perfect birthday gift, investigating the hottest cell phone feature or checking out pet owner reviews of a new “gourmet” cat food, a few words typed into a Google search box along with a punch of a computer key, provides prospective buyers with instant information. No longer do consumers simply rely, for example, on a knowledgeable salesperson at their nearby department store. Now, before a trip to the store (or prior to an Internet purchase), consumers routinely search for product information online and plot their purchase strategy accordingly.

Adding to the self-service aspect of the “Google-ized” marketplace, consumers have adopted what Griffin refers to as “compulsion-to-compare” behaviors. Rather than routinely re-purchasing from the same retailer, consumers invest time researching their purchase options to find out where they are able to land the best deal. One purchase factor that complements this compulsion-to-compare phenomenon is the advent of customer-generated product ratings. According to a retail study sited by Griffin, 78% of consumers cite recommendations from other consumers as their most trusted form of advertising. Look for more subordination of retailer and brand-led messaging in the minds of buyers advised Griffin. In the Internet age, consumers will increasingly rely on peer opinions to navigate purchase decisions.

The search-driven marketplace, coupled with the consumer’s compulsion-to-compare capabilities, have spawned a new breed of buyer Griffin refers to as the “search-and-switch” customer. To grow loyal consumers in the Age of Google, retailers must learn how to tame the buyer’s natural, growing tendency to search-and-switch. At the root of search-and-switch, is the consumers’ unwillingness to settle. With near-perfect product information and unprecedented choice and access, consumers are proving relentless in their pursuit of value. To succeed in this hypercompetitive marketplace, a retailer must deliver a differentiated shopping experience— an experience that shoppers perceive to be distinctively different and better that their next best buying alternative.

Sustained differentiation is necessary for any retailer intent on earning consumer loyalty in today’s compulsion-to-compare world, and it’s a tall order. To this end, Griffin presented her “worth it” test concept. Griffin asked: In side-by-side comparisons against your key competitors do you prevail? The answer needs to be ‘yes’ to consistently earn loyalty. To ace the “worth-it” test in the eyes of the consumer, Griffin urged retailers to do three things:

1. Routinely trump the buyer experience delivered by the customer’s NBA (Next Best Alternative).
2. Get the customer “credit you are due” as retailers by taking measures that help buyers recognize the value being delivered to them.
3. Practice the Nine Space RuleSM of brand building. The Nine Space RuleSM is Griffin’s concept for describing three parties—the brand, the customer, and third party influencers—and the role each plays as perception makers and perception takers in brand building. Griffin reports savvy retailers are finding new ways to nurture positive brand perceptions in each of these nine spaces.

Griffin provided participants at the Retailing Smarter Symposium with fresh new insights and tools to successfully navigate today’s “Google-ized” marketplace. By focusing on these important concepts and incorporating them into their business models, retailers can better earn loyalty and profits in today’s hyper-competitive marketplace. ♦

Aspiring to be the leading global independent energy company, Hess is focused on sustaining growth while preserving the personal, small-company culture which sets them apart from other energy companies. Richard Lawlor, Vice President of Retail Sales and Marketing for Hess, is one of the people responsible for two million customers a day.

Hess' Exploration and Production business is the engine of future income and growth. The Company has operations in many countries and continues to grow reserves and production. Hess' Marketing and Refining business' objective is to maximize near-term returns and cash flow. The Company operates approximately 1,360 Hess retail facilities from Massachusetts to Florida and continues to expand their HESS EXPRESS convenience store network. Hess Energy Marketing is the largest provider of natural gas, fuel oil and electricity to commercial and industrial customers in the 14 states along the East Coast in which it operates. The business also provides natural gas, electricity and a full range of oil products to utilities and other wholesale customers. The HOVENSA refinery in the United States Virgin Islands, a joint venture between a subsidiary of Hess Corporation and a subsidiary of Petroleos de Venezuela, S.A. (PDVSA), is one of the largest crude oil refineries in the world. Refined petroleum products, as well as natural gas and electricity, are marketed to customers throughout the East Coast of the United States. This integrated approach to marketing allows the Company to meet the total energy needs of our customer base while maintaining a low-cost operating base.

Lawlor mentioned the impact that the Hess toy trucks have had on the company’s culture. In 1964, Hess gas stations began a tradition of selling a toy truck around Christmas time and each year, the model changes to a new design. Older models are considered collectibles, and families have made it a tradition to wait in line for Hess toy trucks, which today are the second highest sold toy in America.

Lawlor gave some insight on what Hess plans to achieve within the next couple of years as “The Hess Way”

By: Anthony Valdes

What are They Thinking? - The American Consumer Mindset on Energy Efficiency and the Green Movement

By: Leilani Velasquez

It seems like nowadays all we hear is that products, companies and even people are going green. But do consumers really know what that means? Most importantly, are they buying it? Suzanne Shelton, President and CEO of the Shelton Group, offered some great insight into this type of marketing and advertising that many companies are adopting.

The Shelton Group is the only ad agency entirely devoted to energy efficient and green product marketing and research. With its approach of listening [through research and planning] and speaking [through direct marketing, advertising campaigns, and branding] the company aims for the marketing success of its clients.

Every year The Shelton Group conducts two national consumer market studies, Energy Pulse® and Eco Pulse, which are the main tools to get into consumers’ minds and what they think of the Green movement. One thing that is clearly visible through the results of this study is that most
One of their most recent being Vera Wang. Their customer is looking for desirable styles and quality products they know they can find at Kohl’s.

Kohl’s has forgone several substantial transformations. They recognized that the store experience needed to change so they altered the appearance of the facility adding a canopy, music and seating to the outside entrance. They also raised ceilings inside, added directional walls, and changed lighting and fixtures. Kohl’s also revamped their fitting rooms, lingerie, jewelry and juniors departments. They now display electronic signage which is more conservative and energy efficient. They have an in-store website called Kohl’s Connect where customers can order items that are out of stock.

On top of all the physical changes Kohl’s has recently made, they are also improving all the intangible components of the store experience. They have adapted a “Yes we can” return policy. They believe in “every customer, every time, every store.” They have very strong core values and believe in empowering their employees. On top of everything, their credit card program is 44% of sales. This is a great example of customer loyalty.

The way Kohl’s is developing their company to meet the needs of the customer or even future customers is going to allow them to expand even further in the future. They are hoping for 1400 stores by 2012, reaching over $25 billion. If history repeats itself, Kohl’s will without a doubt meet their prospective goals and continue to be a leader in the retail industry.

Walgreens

You might think with store openings and remodels that earnings would be slumping. It is actually the complete opposite. As a company they have had 33 years of consecutive earnings growth. Their culture is humble and modest. Mr. Whetstone shared a video during his presentation that featured their newest Distribution Center where 40% of the employees have disabilities. This does not mean that Walgreens does not expect the same performance. The employees in that DC strive to succeed, love their job and do it very well.

Walgreens continues to innovate. They are developing new concepts that will be used to facilitate expansion into areas where their prototype store will not fit. Urban and densely populated neighborhoods will have a smaller prototype, but will retain all the core goods and services that their customers expect. The Walgreen experience and brand equity that has been built over time will not be compromised. Building on that core equity, Walgreens is expanding into services aligned with their health and wellness strategy, such as Take Care clinics within their retail stores.

Walgreens expansion will go beyond their retail stores and into other non-retail services aligned with their health and wellness strategy, such as workplace health centers, medical center pharmacies, etc. They are calling each of these sites, including their traditional retail store, a “point of care”. They are planning 10,000 points of care by 2012.

Chico’s

It’s important to pay attention to a company’s infrastructure during high growth periods. As a business increases in complexity, additional capital should be allocated to build a stronger foundation. It’s also important not to chase a larger operating margin without investing in a sound structure.

One of the hardest lessons Mr. Edmonds learned was intellectual capacity. He stated, “When you start to think the business has outgrown someone, it’s too late.” Mr. Edmonds believes that you must earn your job every single day, and has found that replacing his friends has been the hardest and most painful part of running a business. He says that with a growing business, it’s important to look for the right person for tomorrow’s job.

Mr. Edmonds offered advice to students looking to pursue a career in retail. When searching for candidates, Mr. Edmonds seeks someone who is engaging and who wants to make a difference. He believes the best employees are sometimes the hardest ones to manage. He also considers himself the #1 recruiter in the company and is always searching for talent. Mr. Edmonds suggested that when looking for a promotion, be sure to be visible and make noise. Always be the first to arrive at work, even if that means getting there two minutes before everyone else. Remember that your competition is sitting next to you, and find ways to distinguish yourself. He quoted Urban Meyer when he said, “Play each day like it’s a Championship Saturday.”

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The National Retail Security Survey

By: Anthony Valdes

The National Retail Security Survey

The University of Florida’s Security Research Project mission is to provide a reliable and unbiased source of research, statistics and information on topics related to private security and retail loss prevention. As a Professor for the Department of Criminology, Law and Society, as well as, Director of this research project, Dr. Richard Hollinger, has gone to great lengths to provide the National Retail Federation the information that all retailers need to stop crime. For the past 16 years, he has led the annual National Retail Security Survey, polling the vice presidents of security and loss prevention at all the major retail department stores, discount chains, specialty stores, pharmacies and major grocery stores in the U.S.

Based on Dr. Hollinger’s evidence, retailers nationwide lose more than $17 billion a year due to employee theft, $10 billion to shoplifting and the rest to vendor fraud and administrative error. None of the property crimes people worry about—such as convenience store theft, bank robberies and household burglary—even come close to these numbers. Compounding the problem is that we all pay for this loss in terms of higher prices.

Hollinger outlined a couple of key strategies that could be crucial to a company’s loss prevention programs since the major part of this theft is internal. The first is integrity screening. This includes anything from credit checks and mutual protection to drug screening by lab. The second is awareness programs which may include hotlines, code of conduct and training videos. The last two strategies are Asset Control policies and LP Systems which are a bit more advanced ways of preventing theft. An example of these last two could be digital video which most companies are turning to along with burglar alarms and check approval systems. Hollinger’s motto is to predict, prevent and protect. With these three actions in mind, any retailer could be one step ahead of the theft game.

Hollinger was presented the National Retail Federation’s Ring of Excellence Award on June 12, 2007 in recognition of his contributions to the field of loss prevention. Hollinger is the first academic ever to receive the honor, which is usually bestowed upon those working inside the retail industry. It is obvious that his strategies have not only been a success for certain retailers, but should ultimately be adopted by every retailer to cut down on crime.

What are They Thinking?

(continued from page 5)

Suzanne Shelton explained how green marketing should focus on the underlying motivation for consumers as they shop "green".

Consumers are “armchair environmentalists” who say they care about the environment, but don’t really do much to save it. Some of the results gathered from Eco Pulse are that although 54% of the population believes it is important to have a green home, 32% cannot name a green feature of a home. Only 63% are concerned about global warming and only 57% believe that it is caused by human activity. 65% of respondents believed that companies adopt environmentally friendly practices to either look good (47%) or to take advantage of the popular trend (18%). When asked about how they feel, a total of 40% responded with irritated, guilty, skeptical, or unaffected.

How do we market then to a group that seems to not care or know as much as we thought they did about the green and energy efficient products we are selling? The answer lies in Eco Pulse. The majority of consumers, 68.9%, are driven by finding comfort and convenience, while only 31% are driven by taking care of the environment. Therefore, marketing should focus on the underlying motivations for consumers. Let us market a product that will offer the happiness and comfort that people want and need as well as provide them with the information they need to learn that their comfort will translate into a better and healthier environment for all to enjoy.