

Store Operations

SUPERSTAR AWARDS **2015**



11 RETAILERS WIN STORE OPERATIONS SUPERSTAR AWARDS



Store operations strategies can make or break a retail company today. In an exceedingly connected, omnichannel marketplace, store operators must balance immediate on-the-ground needs with multichannel expectations.

In our fourth annual Store Operations Superstar Awards, Retail TouchPoints is recognizing companies that have implemented the most innovative, successful store operations strategies. They run the gamut from Tier 1 department store and grocery companies to smaller specialty retail businesses. This year we've separated the winners into four categories:

- **Inventory Optimization**
- **Customer Engagement**
- **Mobile Strategies**
- **Workforce Management**

The categories and corresponding winners are as follows:

INVENTORY OPTIMIZATION

GOLD • Macy's

CUSTOMER ENGAGEMENT

GOLD • Orvis

MOBILE STRATEGIES

GOLD • Yankee Candle

SILVER • Circle K

SILVER • Barneys New York

BRONZE • County Market

BRONZE • Schlotzsky's

WORKFORCE MANAGEMENT

GOLD • Michael Kors

SILVER • Weight Watchers

SILVER • Orchard Supply Hardware

BRONZE • Pet Supplies Plus

We hope you will join us in congratulating these 11 retail innovators!

Debbi Hauss

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Editor-in-Chief



STORE OPERATIONS SUPERSTAR AWARD WINNERS



INVENTORY OPTIMIZATION

GOLD • Macy's 4

CUSTOMER ENGAGEMENT

GOLD • Orvis 5

MOBILE STRATEGIES

GOLD • Yankee Candle 6

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**GOLD
WINNER****BRANDS-STORE
BANNERS:**

Macy's

NUMBER OF STORES:775 in 45 U.S. states,
the District of Columbia,
Puerto Rico and Guam**ANNUAL REVENUE:**

\$27.9 billion

WEB SITE:www.macys.com

INVENTORY OPTIMIZATION

MACY'S

Macy's Focuses On Omnichannel Inventory Fulfillment

Regardless of the channel, Macy's is leveraging store inventory for order fulfillment in order to meet customer demand. The company realized that brick-and-mortar stores could be their greatest asset for single unit orders, essentially functioning as robust and flexible "warehouses" to utilize the full assortment of owned inventory. With item-level RFID in place, Macy's can focus on assortment and service while using existing inventory to address fulfillment demands. Changes to inventory management supporting this omnichannel strategy have enabled Macy's to reduce \$1 billion of inventory from its stores.

By working with Tyco Retail Solutions and leveraging the TrueVUE™ RFID Inventory Visibility solution, Macy's has established inventory accuracy in key replenishable product categories across all 775 stores. Now Macy's is leveraging RFID for omnichannel fulfillment in new ways.

Macy's recently introduced "Pick to the Last Unit" (P2LU) for omnichannel fulfillment. P2LU attempts to ensure that the last unit of an item in any store is able to be easily located and made available for sale. Typically, retailers don't expose the last item of an SKU to online sales because they don't have enough confidence in their inventory data to quickly locate the item. Macy's conducted an analysis of how much inventory exists in each store when there is only one unit left — the

hardest to be found and sold. "About 15% to 20% of your inventory is accounted for by the last unit in the store," noted Peter Longo, President of Logistics and Operations at Macy's. "It's a massive amount of budget, either marked down or not sold, and it is curable through RFID."

To test the P2LU strategy, Macy's conducted a pilot project with women's dresses which yielded impressive results. Fulfillment sales for pilot stores were +703% as compared to last year while net omnichannel sales were +93%, and markdowns for pilot stores had a considerable positive trend variance while all others improved by very limited percentage points. Macy's now has enough confidence in their inventory accuracy that even if they have only one of an item left in stock, they can leverage every unit in every store to fulfill customer orders.

The use of RFID has been a game-changer for Macy's in driving inventory accuracy, which is critical to execution and omnichannel fulfillment. Macy's recognized that leveraging single unit inventory — approximately 20% of inventory represented at the single unit level by location — can help drive sales and margin. In addition to sales lift on regular and first markdowns with the continued rollout of RFID for replenishment areas, Macy's is reducing inventory costs by lowering interim inventory requirements by one-third.

GOLD
WINNER



**BRANDS-STORE
BANNERS:**

Orvis

NUMBER OF STORES:

90

ANNUAL REVENUE:

\$340 million

WEB SITE:

www.orvis.com



CUSTOMER ENGAGEMENT

ORVIS



Orvis Supports Next-Gen Customer Engagement

Orvis currently is migrating to a new Aptos POS system to support next-generation customer engagement in the store (deployment has begun with rollout completion slated for early 2016). Leveraging Aptos Store, Orvis will be able to deliver a consistent, optimum customer experience by providing all the product, inventory, and pricing information their shoppers need to make confident decisions, as well as the resources to process transactions efficiently and on their customers' terms. This scalable, configurable solution will enable Orvis to captivate its customers and grow its business, by supporting mobility for optimal customer engagement throughout the store while also streamlining Orvis' retail processes.

Orvis also supports its customers through editorial and educational content via its Orvis blog (www.orvis.com/news). Its online Learning Center (howtoflyfish.orvis.com) features online videos and resources devoted to teaching fly fishing, driving additional customer engagement.

Additionally, the company is involved in a number of charitable and environmental efforts, including:

- Awarding conservation grants to match its customers' contributions up to equal amounts to organizations that include: Trout Unlimited and its 1,000 Miles Campaign, which will reconnect 1,000 miles of stream passage for fish in watersheds throughout the U.S. over 10 years;

- The Chesapeake Bay Foundation campaign, which benefits the Oyster Restoration Program;
- Rare, for its Fish Forever Program in Belize;
- The Petfinder Foundation, as part of its global commitment to protect nature. The Petfinder annual matching funds grant helps support more than 14,000 animal-welfare organizations to provide direct funding, as well as training, education, and grants of equipment and supplies so that homeless pets have happier lives; and
- In the UK, Orvis made a non-matching grant to the Salmon & Trout Association to conduct essential water-quality research on the River Itchen, which will influence the preservation of Britain's fabled chalk streams for generations to come.

With a new POS system, Orvis is supporting mobility for optimal customer engagement.

**GOLD
WINNER****YANKEE CANDLE™**
*America's Best Loved Candle™***BRANDS-STORE
BANNERS:**

Yankee Candle

NUMBER OF STORES:

560

ANNUAL REVENUE:

\$844 million

WEB SITE:www.yankeecandle.com**MOBILE ENGAGEMENT
— YANKEE CANDLE —****Yankee Candle Revitalizes Business With Beacons**

When challenged with rejuvenating a veteran brand, Mark Fedyk, President of Retail at Yankee Candle, turned to beacon technology. Specifically, Fedyk, who had only held the presidency for a mere seven months, played an instrumental role in rolling out shopkick with ShopperTrak across more than 560 Yankee Candle stores in less than 3 months.

By integrating ShopperTrak's interior analytics solution with shopkick's in-store beacon technology, Yankee Candle will gain actionable and anonymized in-store analytics, allowing them to understand in-store shopper behavior — this includes where customers go and how long they stay.

This analytical insight enables Yankee Candle to shift in-store strategies and operations to match shopper interest and behavior, leading to increased customer loyalty. Additionally, Yankee Candle can leverage the powerful shopBeacon network to engage with customers through their existing app, gain rich insight into shopper behavior and, most importantly, deliver more rewarding and convenient consumer shopping experiences.

shopkick's shopBeacons, which are currently deployed at more than 8,000 large stores, welcome shoppers via mobile alerts and share location-specific deals, discounts, recommendations, and rewards (called kicks) — as they cross the store's threshold. This is especially relevant for a retailer like Yankee Candle because it receives significant pass-by traffic and aims to drive visits. The shopkick app also can tie at-home browsing to in-store benefits: if a shopper "likes" a specific product in the app, shopBeacon reminds her when she enters the store that sells it.

Using beacon technology, Yankee Candle is able to match shopper interest and behavior, and improve loyalty.



**SILVER
WINNER****BRANDS-STORE
BANNERS:**

Circle K

NUMBER OF STORES:
3,300**ANNUAL REVENUE:**
\$38 billion (Couche Tarde
parent company total
13,000 stores globally)**WEB SITE:**
www.circlek.com**MOBILE ENGAGEMENT**
CIRCLE K**Circle K Optimizes Site Data To Improve Promotions**

Circle K's marketing team knew that a one-size-fits-all approach to promotions would lead to overspending because of the variance in store sizes. Real-time, accurate data was needed to empower their decision-making ability. Frequent field visits would help them stay on top of what was happening in the stores. But circulating that information through emails and spreadsheets was confusing — and slowing them down. In 2014, three Circle K regions selected the AccuStore™ platform and mobile app to help them compile and update site data anytime and pinpoint store needs.

The change has had significant outcomes:

With access to better site intelligence, AccuStore has helped Circle K's marketing and operations departments improve the in-store experience for its customers by:

- Drastically reducing over-spend;
- Eliminating waste; and
- Opening up two-way communication between the head office and the stores.

Circle K regions have utilized the solution differently to achieve specific goals:

Circle K Arizona started by using AccuStore's convenient web and mobile access to send out a comprehensive, 200-question survey to all stores. This gave them a better understanding of each store's unique characteristics.

Circle K Midwest used AccuStore to develop one centralized database of accurate information. Their previous system was not proving to be reliable and there was confusion about store data. AccuStore's built-in online survey tool helped to quickly correct the problem. It also alleviated a potential legal problem by determining if there were any local ordinances in place that might affect sign placement. The audit feature made it easy to update quantity information so marketing materials and fixtures made it to the right stores every time. AccuStore helped the division realize a considerable savings of time, manpower and POP cost.

Circle K Gulf Coast put AccuStore to the test when its division absorbed 65 Kangaroo Express stores after The Pantry acquisition. CK used surveys to quickly gather data about the recently acquired stores. By being able to see real-time store intelligence information at a glance, Circle K was able to more efficiently roll out top-line improvements on a store basis and speed up rebranding efforts.



**SILVER
WINNER****BARNEYS
NEW YORK****BRANDS-STORE
BANNERS:**

Barneys

NUMBER OF STORES:

32

ANNUAL REVENUE:

\$700 million

WEB SITE:www.barneys.com**MOBILE ENGAGEMENT****— BARNEYS NEW YORK —****Barneys Enables Associates With Mobile Technology**

Luxury department store chain Barneys New York now manages its shipping, receiving, status changes and inventory movements through iPods via Mi9 iMerchant, an add-on mobile module to Mi9 Merchant from Mi9 Retail. Barneys adopted the solutions to manage key supply chain and business processes, which created an extensive central repository to collect and analyze information from all business units. Now Barneys is enabling associates to utilize lightweight iPods to track and record inventory movements directly into the corporate merchandising system. Barneys' store personnel already used iPods to assist shoppers; now they use the same devices to handle backroom processes, too, like shipping and receiving.

The implementation of the Mi9 iMerchant mobile module makes centralized inventory updates timelier as the system updates the database directly in real time. The old process used the store management system to manage shipping, receiving, transfers, and status changes where the information had to be transferred to the central database. If an error was made while scanning during the receiving process, the whole batch had to be canceled and the employee had to start over. If the error was not caught immediately, the onus was on the employee confirming the order, which made it very difficult to make changes at that point.

Employees use iPods fitted with barcode scanners which update the merchandising system directly in real time, streamlining the entire receiving process. That, in turn, translates to more accurate reporting for staff and more accurate inventory information for customers seeking a particular item. Plus, the easy to use touch screens eliminate confusion and guide users to the right choices with a very short learning curve, saving time and money on training.

Employees use iPods fitted with barcode scanners to update the merchandising system in real time.



**BRONZE
WINNER**



BRANDS-STORE

BANNERS:

County Market

NUMBER OF STORES:

44

ANNUAL REVENUE:

N/A

WEB SITE:

www.mycountymarket.com

MOBILE ENGAGEMENT — COUNTY MARKET —

County Market Implements Beacon Marketing In All Stores

County Market, a division of Quincy, Illinois-based Niemann Foods (NFI), deployed the myCountyMarket mobile application in 44 stores in 2015. It started as a pilot program in eight stores in the Springfield, Illinois area in 2014, and after seeing great success and a dramatic increase in customer demand in other markets, NFI decided to launch to the rest of its County Market supermarkets. The myCountyMarket app is based on the Birdzi platform, a provider of location analytics and mobile applications for personalized shopper engagement.

The myCountyMarket app utilizes Birdzi's beacon technology to enhance customer engagement in the store. The in-store beacons use Bluetooth Low Energy (BLE) to deliver opt-in location-based services for app users. County Market is the first independent supermarket chain in the nation to use beacon technology in all of its stores.

The beacon-delivered offers are relevant to each shopper, based on his or her purchase history with County Market's loyalty program. The Birdzi application relies on each shopper's purchase history, so County Market is able to deliver highly personalized offers via beacons.

The Birdzi platform features an in-store map that helps shoppers easily locate products in the store. Shoppers can create and share shopping lists with friends and sort shopping lists by aisle and map out their grocery trip in order to save valuable time in the store.

County Market implemented the Birdzi platform in all of its stores to increase overall customer engagement for its shoppers. The goal is to not only drive larger basket sizes, but also to flow customer traffic throughout the entire store. In addition to powering the myCountyMarket app, County Market is using Birdzi's platform to deliver personalized offers, location-specific coupons, in-store maps, sharable shopping lists and more to shoppers, creating an entirely new shopping experience for its customers.

Initial results have been positive, as County Market has seen 15% to 20% growth week over week in shopper engagement since May, and hundreds of new downloads each day. The Birdzi platform is delivering thousands of precision-targeted, contextually relevant offers each week to County Market shoppers. The average basket ring of a myCountyMarket app user who redeems an in-store offer is 37% higher than the average County Market customer. Nearly 10% of all devices entering the major market stores now have the app and that number continues to grow.



**BRONZE
WINNER****BRANDS-STORE****BANNERS:**

Schlotzsky's

NUMBER OF STORES:

350

ANNUAL REVENUE:

N/A

WEB SITE:www.schlotzskys.com

MOBILE ENGAGEMENT

— SCHLOTZSKY'S —

Schlotzsky's Improves Loyalty With Mobile App

Schlotzsky's partnered with Punchh to develop the Lotz4Me Guest Rewards program. Lotz4Me is an intuitive app available for download on a smartphone or device, allowing guests instant access to the program. For those without smartphones Lotz4Me can be accessed through schlotzskys.com. The Lotz4Me app launched on June 2, 2014.

As of July 2015, the loyalty program has reached 240,497 total members. There have been 20,687 referrals and 909,791 punches. The Scratch, Match and Win game where guests scratch the code off of a drink cup has 92,000 plays and 43,000 new Lotz4me members. And Fill'er Up!, which was created after the success of Scratch Match and Win, has 29,907 plays, 3,183 wins, 16,196 users, and 711 redemptions.

The Lotz4Me app allows customers to engage on a variety of levels. The loyalty Rewards & Recognition feature enables guests to download the app to their smartphone or access the program via the web site interface login. To receive a "Punch" (which appears visually as a "sandwich bite"), guests must spend a minimum of \$6. Guests must then claim their Punch using their receipt from the restaurant.

Another Lotz4Me feature is the Exclusive Insider News & Special Offers feature which allows guests to learn about special promotions through emails sent through the program. These are housed in the "News & Offers" section of the app. Periodically, Schlotzsky's surprises guests with additional traffic-driving offers. These offers are sent as push notifications.

The app also features a Social Media Sharing & Referral Bonuses capability which allows guests to receive one free Punch by using their Facebook account to register for the app. Guests can receive an extra Punch for referring Facebook friends. Guests have the ability to share their experience and thoughts on their Facebook page through the app. They also have the option to make it public, which gives Schlotzsky's the option to use that comment publicly. The app also includes interactive games, such as: Scratch, Match and Win, Stackin' the Original, and Fill'er Up!.

Guests also have the option to send short feedback surveys through the app. This allows the company to offer incentives to guests soon after they complete their visit. Other features include a restaurant location finder and menu.



**GOLD
WINNER**



MICHAEL KORS

BRANDS-STORE

BANNERS:

Michael Kors

NUMBER OF STORES:

300+

ANNUAL REVENUE:

\$4.4 billion

WEB SITE:

www.michaelkors.com



WORKFORCE MANAGEMENT

MICHAEL KORS

Michael Kors Maximizes Productivity With Mobile WFM

Michael Kors understood the essential need for greater visibility into how and when their employees are scheduled to work throughout their U.S. operations. The organization needed this insight in order to better leverage their KPI data, their labor demand curve and, by extension, create a better customer experience.

Moving from manual scheduling in Excel to a WFM technology solution would give Michael Kors better insight into what kind of sales talent is required, and for what tasks and when. Reporting on which staff (titles) are working at certain times, hours per sales metrics, overtime clocked, hours for a particular activity, etc. would give Michael Kors an accurate pulse on how their business/store operations are performing and advanced insight into payroll costs and potential compliance violations. Above all, a WFM technology solution would give store managers the tools, means and time to be more strategic and cost effective with scheduling, taking into consideration pay, helping rein in payroll/overtime costs and impacting the business bottom line.

The workforce management roll-out included the following key objectives:

- Improve sales revenue and customer conversion rate;
 - Manage labor compliance;
 - Better leverage payroll spend;
 - Provide intelligence to make better business and staffing decisions; and
 - Minimize overall management administrative efforts in regards to payroll and time and attendance.
- Shortly after deployment of the Ceridian Dayforce WFM application, Michael Kors store managers began re-investing in their leadership roles — focusing more on accurately strategizing employee scheduling and recruiting efforts to meet customer needs. Before WFM reporting through Dayforce, managers couldn't provide their staff with performance insight until the next day. Since implementing WFM technology, managers are able to coach in the moment, identify opportunities and rally employees to hit targets.
- An estimated 5,000 employees use the WFM mobile application to communicate with colleagues, connect with the company and manage a healthy work-life balance.
- Enhance customer service, workforce productivity, communication and overall engagement;

SILVER
WINNER



**BRANDS-STORE
BANNERS:**

Weight Watchers

NUMBER OF STORES:
800

ANNUAL REVENUE:
\$1.2 billion

WEB SITE:

www.weightwatchers.com

WORKFORCE MANAGEMENT — WEIGHT WATCHERS —



Weight Watchers Improves Scheduling With Updated WFM Solution

Weight Watchers transitioned from a legacy workforce management application to Reflexis Workforce Manager for its U.S. based labor operations (scheduling, employee self-service, customer facing sessions, and more). The initial impetus to implement the new solution was that the company needed to provide end-to-end integration with its corporate office, gain efficiencies, and improve business processes and compliance. However, another requirement was added during the implementation: integrate the company's Member-facing (customer) scheduling portal system to Reflexis labor scheduling on the back end. In this way, Weight Watchers Members could request virtual coaching sessions based on availability of its coaches. Approximately 4,000 coaches are now accessible for personal appointments via weightwatchers.com

The new labor scheduling system provides the following benefits:

- Schedules are generated by the system in compliance with local labor laws, including California;
- Increased efficiency and accuracy in labor operations processes such as calculating wages and commissions;

- Managers have ready access to more info: single schedule view, analyze schedule vs. work time, better schedule utilization;
- A better Member (customer) experience: The new system enables Weight Watchers to establish more "Touch Points" with Members; and
- Ability to view how geographically dispersed employees (Service Providers) spend time — in real time.

A key component of the new system was support for mobility. Weight Watchers coaches are mobile, and have to travel to different locations to hold meetings for Members. The Reflexis system is available in Android and Apple native applications. Coaches can view schedules using mobile devices. They can also advertise meetings that other coaches can choose to chair. If a coach picks up a meeting, the system provides a real-time map to the meeting location using an integrated GPS-enabled map application.

Reflexis implemented the initial system for Weight Watchers, including integration to the member-facing online appointment system, in approximately eight months.



**SILVER
WINNER****BRANDS-STORE
BANNERS:**

Orchard Supply Hardware

NUMBER OF STORES:

70

ANNUAL REVENUE:

\$660.7 million

WEB SITE:www.osh.com

WORKFORCE MANAGEMENT

— ORCHARD SUPPLY HARDWARE —

Orchard Supply Hardware Boosts Forecasting Capabilities

In February 2015 Orchard Supply Hardware partnered with Empower Software Solutions to optimize workforce management strategies by implementing the latest version of the EmpowerWFM suite. The plan required installation across all retail stores, as well as Orchard's distribution and support centers.

This workforce management project was accomplished successfully and on time. Orchard time clocks were put in place, their software was upgraded, and all end users were trained within three months.

Although Orchard was a previous Empower client, the project's scope and quick turnaround brought some potential challenges. Requirements included moving EmpowerWFM hosting from Orchard to Empower servers, updating the software to the current iteration, and implementing auto-scheduling within all in-store departments — plumbing, tools, electrical, lawn & garden, and many more. The timeline for completion was also aggressively planned in order to reduce interference with operations, something that was compounded when additional functionality became necessary mid-project.

Setting up EmpowerWFM's forecasting and scheduling functionality was the last, and most challenging, phase. For management, schedules created by the solution had to be specific to each location in order to ensure the maintenance of proper shift coverage. By utilizing employee data and labor requirements on a per-store basis, EmpowerWFM was able to better align scheduling with projected sales volume. This meant that Orchard associates could be positioned at the right time, in the right department, and provide an expected level of customer service, all while ensuring better value for the company.

Orchard Supply can now better align scheduling with projected sales volume.

BRONZE
WINNER



**PET SUPPLIES
PLUS.**
GREAT PRICES. NO BEGGING.

**BRANDS-STORE
BANNERS:**

Pet Supplies Plus

NUMBER OF STORES:

324

ANNUAL REVENUE:

N/A

WEB SITE:

www.petsuppliesplus.com

WORKFORCE MANAGEMENT

PET SUPPLIES PLUS

Store Operations
SUPERSTAR 2015

Pet Supplies Plus Creates Task Management Efficiencies

Pet Supplies Plus chose the Store Ops-Center from Opterus for communication and task management. The retailer primarily is using the system to send messages and tasks from Pet Central (home office) to Pet Centers and District Team Leaders.

The solution offers a number of benefits for Pet Supplies Plus:

- Separation of informational messages from action items/tasks;
- Ability to track task due dates and progress, view and download task responses, upload photos in task completion;
- Location and/or role based messaging vs. sending a "global" message;
- Pet Centers can use the Issues functionality to advise Pet Central directly if there is a problem with implementing a specific task;
- Document library allows important documents to be easily accessible and always up-to-date;

- Individual documents can be targeted to specific roles. This will allow DTLs, RTLs and franchise owner/operators to have easy access to resources that are NOT items that their Pet Centers would see;
- Efficiencies as a result of using the solution has freed up time to devote to other projects; and
- Mobile Site and iOS app are a huge benefit to users on the road.

Since the implementation, employees have a greater sense of ownership around making sure tasks and messages are understood by stores. Because the team that created the item gets any issues arising from it, it forces authors to spend more time thinking about store execution and anticipating the types of questions that may arise so they can be "asked & answered" in the task instead of through issues.

Employees now have a greater sense of ownership around making sure tasks and messages are understood by stores.



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