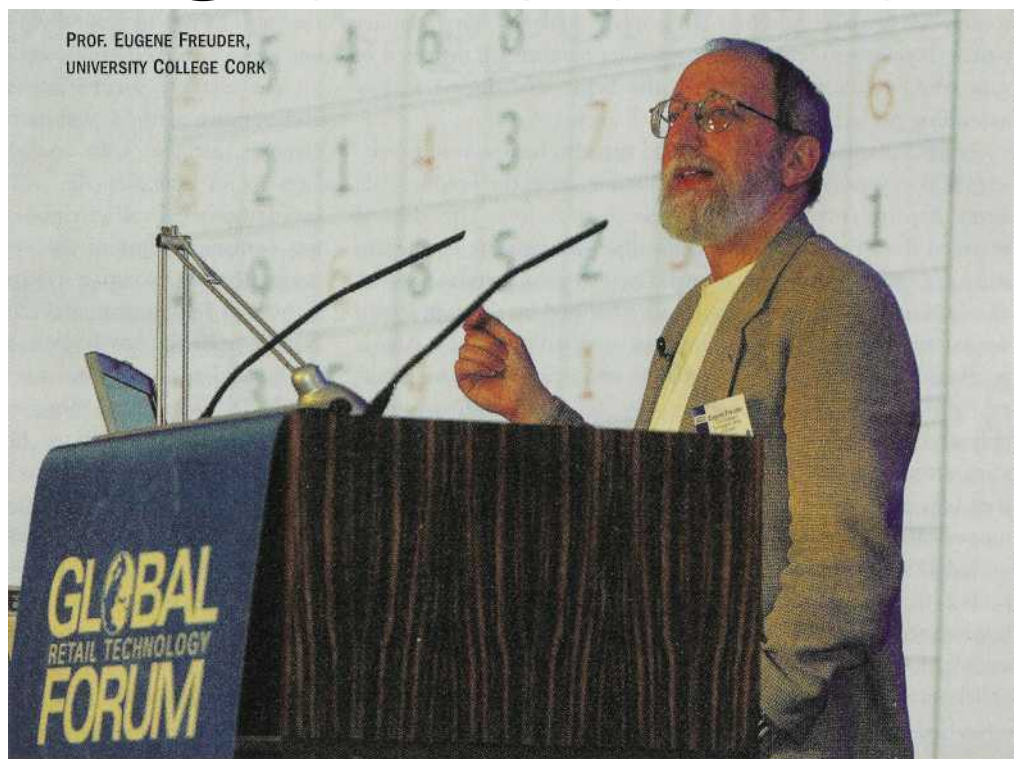


Global Retail Technology Forum

Focuses on the Consumer



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ore than 200 industry professionals from more than 25 countries gathered at the 7th Annual Global Retail Technology Forum in Dusseldorf, Germany to share ideas on growing their businesses and brands through customer-centric corporate and IT strategies. For the first time, the event was co-located with EuroCIS 2006, a leading European exposition for IT and security in retail.

The event, co-organized by Retail Systems Alert Group and EHI, featured a variety of speakers from leading global retailers during a two-day period. Following are highlights from the conference sessions.

Day One

Dr. Hans-Joachim Korber, Chairman and CEO, Management Board Member of METRO AG, kicked things off with a welcoming address titled, "Strategies for the Customer-centric Global Enterprise." Korber discussed how enhancing customer service with retail technology and internationalization are the core drivers for METRO, Germany's largest retailer. METRO obtained less than 5 percent of its gross income from outside of Germany 10 years ago, now the retailer operates in 10 countries and derives more than 50 percent of gross income from international operations.

To achieve the exceptional integration of diverse customer markets, Korber said that METRO leverages technology to better understand key drivers and growing, demanding markets. For example, Korber described how it is dangerous to call a segment of the customer market "Asian," as "Asian" actually encompasses a number of diverse ethnic groups with different consumer preferences.

Foreseeing the need for an advanced retail strategy, METRO incorporated the Extra Future Store, which offers intelligent networks of technology, and the RFID Innovation Center. According to Korber, new technologies are just tools to achieve business goals, including enhancing supplier trading and most importantly, serving the needs of customers.

John Thompson, SVP/GM of Best-Buy.com, continued the momentum created by Korber's presentation with his Opening Marquee Lecture, "Mapping the Way to Customer-centricity." Thompson described Best Buy's "Company Compass," saying that the number-one US consumer electronics outlet always points to customer-centricity, but also has many map markers along the way.

Thompson said that Best Buy differentiates itself with its services business, such as the "Geek Squad" personalized CIO service. As part of Best Buy's constant reinvention, Thompson said that customer-centricity has gone from a strategy to a culture and the focus has completely shifted from product to service, all while non-traditional competitors like Amazon.com and eBay have grown.

To effect this cultural change across the enterprise, Thompson said that Best Buy empowers and engages employees and recognizes and understands key segmentation, geared toward customer needs. Saying that CRM actually stands for "Customers Really Matter," Thompson explained how Best Buy leverages the 3,000,000 visits to its Web site per day into customer bonding opportunities. The customer's first encounter with the Best Buy brand is on the Web, followed by a visit to the store where a connection with the customer can be established, and then services after the sale can cement the customer connection.

Thompson concluded by saying Best



DR. ARMAGAM TARIM,
UNIVERSITY COLLEGE CORK

Buy has taken a "power approach" to customer service. The retailer finds out what the customer wants, localizes its approach and focus, hires members of the local community for its stores, creates an

mizing profits.

In a case study, panelists described how a beer distributor analyzed delivery constraints such as bad roads to partition and balance the workloads of its trucks. The company developed "hot routes" for traveling salespeople and used routers based on geographical IS technology to achieve a 10 percent savings in distribution-related costs. A second case study looked at how seasonality, small workforce, high-volume distribution, and short product shelf life combined to create a stock-out problem for a retailer. The company realized the need for integrated planning and developed a statistical model incorporating the variability of production, inventory and distribution to improve capacity planning.

Dr. Tarim then presented a mini-lecture on inventory optimization for the customer-centric enterprise. He explained how constraints programming and opera-

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"owner/operator" mindset among store managers, and sends field monitors to each store three times a year. According to Thompson, Best Buy employs DemandTec price optimization software and also tailors product assortments for local preferences, as well as for specialized formats aimed at interest segments such as home theater enthusiasts and computer game players. "Look at merchandise not as products, but as what the products do," said Thompson. "It's not cameras and film for taking pictures, but 'sharing memories.'"

Day Two

Professor Eugene C. Freuder, Director, Cork Constraint Computation Centre, University College Cork, Professor Refik Gullu, Industrial Engineering, Bogazici University, Turkey, and Dr. Armagam Tarim, Senior Research Scientist, Cork Constraint Computation Centre, University College Cork, presented an academic panel titled, "Optimize Customer-centric Decision-making." The panel discussed how IT can help businesses make decisions that better serve the customer while opti-

tional research can reduce the excess inventory that so many retailers hold by informing them the optimal times and amounts for re-ordering merchandise. Tarim quoted a US Census Bureau statistic that there are \$3.5 trillion in annual retail sales, and another \$2.1 trillion of excess inventory.

Bulent Ergin, Director, Application Development, Casino Guichard-Perrachon S.A., presented a session titled, "Deliver the Right Assortment to Customers." Ergin explained how the French global retailing conglomerate has taken steps in the last five years to move away from using different systems, languages, and product identifications. According to Ergin, Casino now shares the same database across its different formats. The retailer also has a global and real-time view of replenishment and inventory levels, thanks to improved quality of inventory management at stores and warehouses. Ergin added that Casino utilizes new technologies, such as voice recognition in warehouses, to go farther with its integration strategy. **ERI**