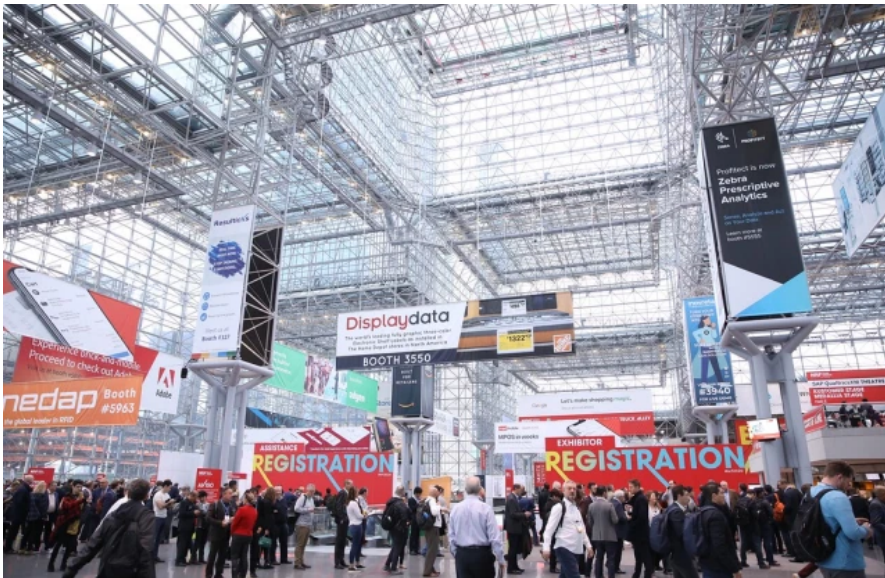


NRF 'Big Show' Spotlights Innovation, Technology and Putting Consumers First

A record-size crowd came to learn, network, get inspired and find pathways to better profits.

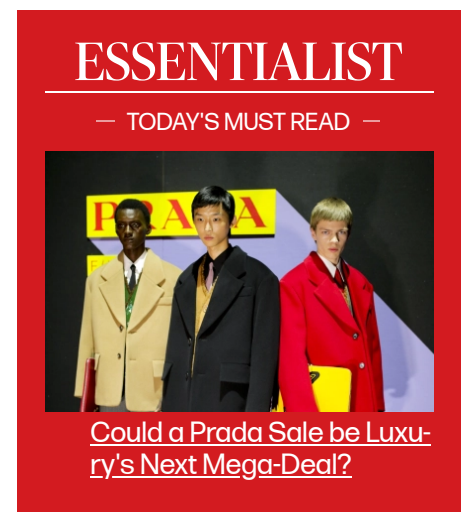
By [Sharon Edelson](#) and [David Moin](#) and [Sindhu Sundar](#) on January 17, 2020



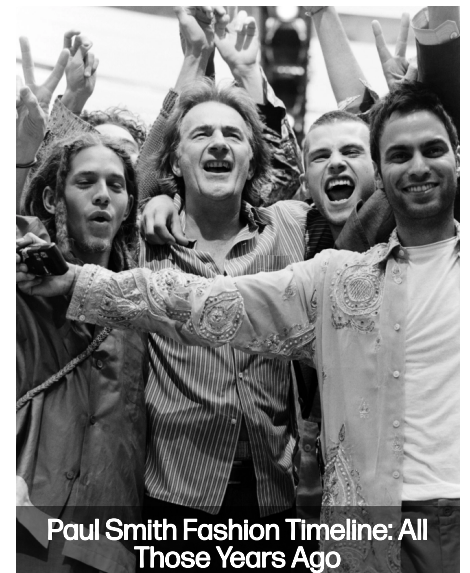
 The Javits Center was the scene of NRF's "Big Show."

Never mind all the [retail](#) attrition, anxiety over world affairs, the women's apparel drought and tariffs. Top of mind for the 40,000 retailers, suppliers, industry analysts and consultants at the [NRF](#)'s "Big Show" which concluded Wednesday — it's the world's largest [retail](#) trade event — was innovation, brick-and-mortar viability within a multichannel platform, tech intensity and the healthy economy.

Compared with a year ago, bankruptcy banter was subdued and optimism prevailed at the convention, which was held at the Jacob K. Javits Convention Center in New York City. On Thursday, a day after the convention concluded, the [NRF](#) reported that 2019 holiday retail sales grew 4.1 percent over 2018



LATEST GALLERIES



COLLECTIONS

to \$730.2 billion. The numbers exclude automobile dealers, gasoline stations and restaurants. Online and other non-store sales were up 14.6 percent over the year before at \$167.8 billion and were included in the total.

“Having spent the last week with top retail leaders from around the world at our annual convention, and spending time at the White House yesterday with government policymakers and economists, these numbers validate continued optimism for increased investment and opportunity in the retail industry,” NRF president and chief executive officer Matthew Shay said. “This is a consumer-driven economy, and by any measure, the consumer has put the economy in a solid position for continued growth. This is a strong finish to the holiday season, and we think it’s a positive indicator of what’s ahead.”

Earlier in the week, news of store closings and cutbacks at Macy’s, Bloomingdale’s, Express and other chains and mediocre holiday sales in the department store sector offset a bit of the bright spirit of the convention. Generally, however, the conversation centered on the consumer being in control; resale, rental and sustainability; AI, AR and analytics; conveniences like fast deliveries and BOPIS; personalization; the deepening convergence of physical and digital retail, and industry “bifurcation,” where strong retailers get stronger and weaker ones get weaker.

An underlying question was ‘what do consumers want?’ And Christopher Baldwin, ceo of BJ’s Wholesale Club, who passed the baton as chairman of the NRF to Qurate Retail president and ceo Mike George, provided an answer. “More access to products, more information, speed and convenience. Sixty percent of consumers say innovation has improved the shopping experience. Moving forward, consumers are expecting even more,” said Baldwin.



Botter Men's Fall 2020



They Are Wearing: Paris Fashion Week Men's Fall 2020



See Every Bag from The Louis Vuitton Men's Fall 2020 Show



Chris Baldwin of BJ's Wholesale Club opens up the convention.
Courtesy Photo

“Customer demand for a more sustainable and transparent supply chain has already impacted online shopping trends and we’ll see this more in 2020,” said Joe Scioscia, vice president of sales at VAI. “Consumers understand the complexities of brands and expect honesty from retailers about what they’re buying.”

“I’m a big believer that retail is not dead. It just has to be recalibrated,” said Marigay McKee, managing partner of Fernbrook Venture Fund. “We really have to put the consumer at the forefront. Millennials and Gen Zers are looking to experiences for fulfillment,” McKee said, referencing travel, restaurants, health and wellness. “Click-and-collect and mixing the physical and digital are really important.”

“Retail supply chains are getting a makeover,” said Arpit Jain, vice president of Delivery at Nerdery. “In 2020, hassle-free returns, same-day delivery and other frictionless experiences become table stakes for customer retention and attraction. However, retailers are struggling to keep up with order fulfillment and it’s taking a toll on their profits. Retailers will need to reinvent some of the ways their supply chain works. We now see artificial intelligence and machine learning technologies taking over warehouses as they can predict supply and demand and inventory needs, as well as simplify the return and shipping process.”



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FN

Noting the importance of technology to create personalized experiences online, Satya Nadella, ceo of Microsoft, said, “Thirty percent of e-commerce sales are happening because of recommendations.”

“The consumer is healthy but has different expectations. They want it all,” said Stephen I. Sadove, principal of Stephen Sadove & Associates and a senior adviser to MasterCard. “Everyone is recognizing that if you are not investing in technology, analytics and supply chain logistics, you will be left behind. This requires investment and choices. That’s the biggest issue. You can’t do everything, but at a minimal level you have to invest and make choices to be able to compete and establish your point of difference.”

John Furner, president and ceo of Walmart U.S., spoke of “the paradox of choice” explaining that in his former job running Sam’s Club, he led a turnaround involving “reinvesting and reimagining the core offering and providing fewer choices to reduce shopper fatigue.” He also spoke of compensating workers better, and advised the audience, “You always want to listen to workers and structure a way to get a lot of customer feedback.”

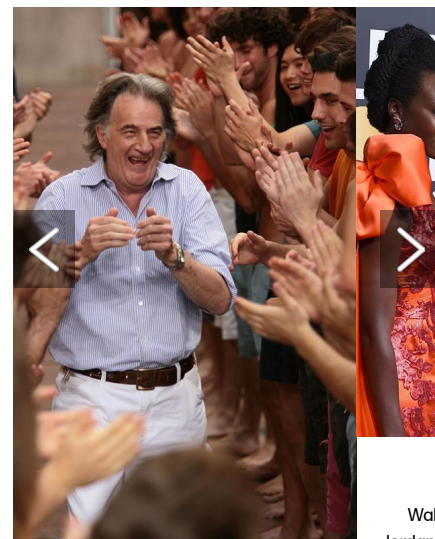
Michelle Gass, ceo of Kohl’s and a former Starbucks senior executive, underscored picking up the pace of testing new concepts. When she got the call to join Kohl’s, “They were looking for change and fresh perspectives. I knew it could be an opportunity,” possibly leading to becoming ceo over time, but no guarantee. “I had to prove myself. I had a lot to learn. I had to put some points on the board.”

What she soon discovered was that Kohl’s needed to speed up trying things. She proceeded to build up active and wellness assortments, is planning to do the same in beauty where Kohl’s has a limited offering currently, and she formed a partnership with Amazon. Kohl’s stores, she said, tested taking in Amazon returns for two years before rolling out the service.

Greg Petro, ceo of First Insight, said Gen Zers are accelerating purchases related to sustainability. “Gen Zers have a bigger voice. Seventy-three percent will pay up to 10 percent more” for sustainable products. “It’s going to be a pivotal year with the acceleration of Gen Z.”

Get Ready, Pay-
less Is Back —
Here’s What That

SOCIAL STUDIES



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tulations to Paul Smith his storied 50-year career. Once a racing cyclist, the British er has used his boundless imagination, ersistence, business-savvy – and sheer of fun – to create a global fashion brand les of 250 million pounds a year. And it all in five decades ago with a tiny shop in ram, England. Having dedicated 50 years lding his business, he’s ready for more. ng is not part of the plan, and neither is his majority stake in the company. Itochu, time Japanese licensee, owns a minority, at’s just how Smith likes it. Tap the link in or more. Report: Samantha Conti 📸 : vanni_giannoni_photo – #wwdfashion #paulsmith

Mindy Grossman Aurora
Rose/WWD

Mindy Grossman, ceo of WW International (formerly called Weight Watchers), outlined her four golden rules for transformation, “the most overused word in business,” she said. “Make sure you have the support and alignment of your board, you need investment dollars, a passionate and aligned culture, and you better be resilient.” She emphasized ceo’s need to be good communicators exhibiting transparency. “If you are not taking risks today, it’s riskier,” Grossman said.

Crate & Barrel redesigned its supply chain and is identifying potential customers through data modeling, said Neela Montgomery, Crate & Barrel’s ceo. “We’re always thinking about how we can reimagine our brands. We opened a full-service restaurant [at Oakbrook Center in Oak Brook, Ill.] It’s the best of our design and best of hospitality. It’s driven a lot of double-digit growth and traffic to the store.”

Montgomery ventured out of Crate’s comfort zone with a collaboration with Fernish, a start-up online furniture rental service. “Be true to your DNA, but seek out unexpected partnerships,” she said. “You have to be bold and courageous.”

In a world where businesses and social media are driven by data and obtaining personal information on consumers, privacy is a mounting concern. So the NRF launched this week its Center for Consumer Privacy and Innovation.

“Retailers recognize the importance of and value the trust placed in their hands by their customers,” said Shay. He added that as state and federal officials seek to regulate how personal

information is protected and consumers are given control over data, the center will produce research, track privacy legislation, and educate the public and policymakers about the benefits, convenience and value they derive from the technology retailers develop. “The Center for Consumer Privacy and Innovation will provide insight and policy expertise to educate lawmakers as they strive to properly balance consumer protections with retail innovation,” said Shay.

Below, a roundup of some key sessions and important messages from NRF participants.

Erik Nordstrom

NORDSTROM ON NORDSTROM

“Make it easy for the customer not just with the transactional piece. Make the discovery of product easy, too. That piece is super important to us,” said Erik Nordstrom, copresident of Nordstrom Inc. “There is a discovery element to what we do.”

Technology is also important to Nordstrom, which has been at the forefront of tech investments. Yet technology doesn't come easy either. "The challenge is constant vigilance and having leadership to look at technologies and take the complexity out of it." Another challenge: "It's hard to put yourself in the shoes of customers," Nordstrom said.

The retailer's first New York City department store, opened last year on 57th Street and Broadway, is "going great" and represents the company's most experiential store, Nordstrom said. He singled out the bar on the shoe floor as adding a different vibe to a retail setting. "People are smiling, strangers are talking to each other...When customers drink, it helps sell things," he joked.

Nordstrom cited other challenges, including the need to be "hyper focused on customers, bring brand stories to life and constantly humbling yourself...What you learned from your experiences may not be true anymore."

The retailer's intent is to be "the retail of choice for brands. You need to be a good partner. You need to be a place to discover newness in brands. The common downfall is you get old with your customer."

For Nordstrom, 2020 will be a year of scaling the company's local market strategy to the top 10 markets in the U.S. Nordstrom's market strategy is geared to strengthen engagements with customers across services and selling channels and leverage inventory better, and centers around opening Nordstrom Local service hubs for pickups, returns, alterations and styling assistance.

SOLOMON'S MIND

"How to weather the recession is the number-one question of private equity. It's the number-one question of retailers and it's probably the number-one question of early stage businesses," said Cathy Leonhardt, co-head of PJ Solomon's global retail group.

"Retailers all have to be conscious that a recession could loom at any time, and I think what we're seeing in the market is, how do you think about a focus on profitability.

“With the ascension of Amazon, the customer now expects not only price, right? But convenience, getting it quickly, personalization, customer service and all these things. It really puts an extraordinary pressure on your margins. Because now you’re fighting big giants, with big balance sheets, that can get you that product — it’s not just two days, it’s one day, it’s same day. And so for big retailers to do that, it’s created quite a margin pressure.

“How do you compete? Products still matter, so, from an organizational perspective, what retailers have to do is, they have to go back and focus on all the dimensions of their business. It’s organizational, it’s people, it’s the talent, it’s the engineering. They can’t look at people as a cost center, they have to look at people as an investment to drive their business the way the start-ups do.”

The threat of recession is greater for smaller retailers dealing with price pressure from their larger counterparts, according to Max Rhodes, cofounder and ceo of Faire, a wholesale marketplace that connects local retailers with emerging brands. “I think all retailers, especially independent retailers, need to be thinking about ways to improve their cost structure, to reduce their costs and to set themselves up to be able to compete with Amazon and Walmart and much larger-scale competitors who have cost advantages that are going to attract a consumer during a recession,” he said.

ROVING EYES

Venture capital firms aren’t infallible for jumping on the next big thing. Executives at BAM Ventures and BBG Ventures copped to not getting on the investment bandwagon on well-known brands, notably Uber and Glossier, respectively.

In general, they said they look to invest in companies that don’t rely on just a single product, can meet customers on their terms, and can identify untapped markets even within a seemingly crowded consumer goods space, venture firm investors said.

“We have to believe the brands that we’re investing in to be stand-alone, multibillion dollar brands,” said Adam Spivack, principal at Comcast Ventures, the investing arm of Comcast

Corp. The company has invested in start-ups and digital companies including Instacart, Lyft and Vox Media.

In terms of start-ups' retail presence, the key is to gear up for omnichannel commerce — that is, being able to facilitate customers' purchases and returns not just in stores, but through the various online platforms they are on, the investors said.

The direct-to-consumer model is in vogue, but the costs surrounding shipping and returns logistics and marketing add up, according to Shamin Rostami Walsh, managing director of BAM Ventures, which has invested in Outdoor Voices and Daily Harvest, among other companies.

“As long as people go to stores, you want to be where your customers are,” said Walsh. “I don't think every brand needs their own branded retail store, but I do think omnichannel is core to any large business at some point.”

Even within a crowded market, there is ample room for start-ups to grab a niche. For instance, beauty, considered by some to be oversaturated, still contains pockets of demand yet to be fully tapped, the investors said. “We're really excited about areas [in beauty] where we can find a mass market that's incredibly underserved and there's pent-up demand,” said Nisha Dua, general partner at BBG ventures, which has invested in companies including Zola and The Wing.

ALLBIRDS' CHINA FLIGHT

For Allbirds Inc. international president Erick Haskell, “It was really unthinkable not to have a presence on Tmall,” where the brand launched last spring. He said the Tmall platform allowed Allbirds to maintain its brand presentation and retain control over pricing and other aspects, while gaining access to the 700 million active monthly users on Alibaba platforms.

Christina Fontana, head of fashion and luxury at the Tmall luxury division, cited Tmall's extensive data on consumers' shopping habits and preferences, including details about what they purchased and when. “There's a lot of sharing of information in this ecosystem,” she said.

Allbirds designs typically have a minimalist, uniform-like quality, but Haskell said the brand has also used feedback from its Chinese consumers to make tweaks to models it offers there. “Being a direct-to-consumer brand gives us immediate feedback,” he said.

In November, the brand participated in the Singles’ Day shopping event in China, also known as “11.11” for the date it takes place, and commemorated it with special colorways. Alibaba’s Singles’ Day sales hit \$38.4 billion. In the U.S., Cyber Monday sales were estimated at \$9.2 billion, and online sales on Black Friday were around \$7.4 billion, according to Adobe’s 2019 online shopping data released in December.

Fontana said that Singles’ Day isn’t so much about offering sales as much as encouraging consumers to shop more brands, and is designed around Chinese consumers’ apparent interest in new products. “They open our app seven times a day,” she said. “They’re looking for content...We’re talking about making shopping an entertaining experience.”

JOBS AS A LAUNCH PAD

John Furner, who recently became president and chief executive officer of [Walmart U.S.](#), took to the main stage to talk about retail jobs with MIT Sloan School of Management professor Zeynep Ton.

“I started retail work at a garden center at Walmart,” said Furner, who was inspired by Ton’s book, “The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits,” and met the educator through a mutual friend. “I realized that this does matter, serving people and making lives better.

“I think our role, leading big organizations, is to make sure our teams have the resources, the clarity and really a whole system and process around them to make the environment work, so they can feel successful,” Furner said. “In the past, retailers used people almost like interchangeable parts. The role of the corporation has changed. It used to be to create shareholder value. The role of the corporation is to build social and shared value for employees, customers and shareholders.”

Furner, who was previously president and ceo of [Sam's Club](#), urged fellow retailers to invest in their employees. For example, wages of team leads at Sam's rose by up to \$8 an hour, but Furner said it wasn't all about pay. "Team members were shadowed to discover areas of frustration and pain points."

The highest-paid "golden glove" at Sam's Club is the meat cutter or the person who runs the meat department, Furner revealed. "Some jobs are launching pads to other positions," he said. "We help associates find a path from one job to another."

While retail is the largest employer in the U.S., Ton said too few companies are making the choice to offer good jobs. "What we learned today is that a change is possible," she said. "And it's possible even for a low-cost retailer. Offering good jobs is the smart thing to do from a competitive and financial point of view."

GASS ON KOHL'S

"People thought we were a little crazy," [Michelle Gass, ceo of Kohl's](#) said of the retailer's partnership with Amazon. "We've got all these stores. Amazon has phenomenal reach. We're good at making returns a pleasant experience. [Amazon consumers] get a frictionless returns experience and we get the traffic."

Gass wants to reimagine stores. "We're experimenting in some of our stores in using technology, how customers check out, the use of lockers, and how the layout works, so it's really inviting," she said.

Sales for the November and December holiday period fell 0.2 percent year-over-year and "did not meet expectations," Gass said. "They didn't meet my expectations. We expected a little bit more. Women's is 30 percent of our business, it's 70 percent private brands, so if we hit some speed bumps there, it has a major impact."

"We're making changes," she said. "We're getting new, younger customers. We have our arms around opportunities."

Take beauty, a small business with significant upside. "We're completely re-engineered the beauty experience in 11 pilot stores," Gass told WWD: "We have plans for beauty to be much bigger in the future. We've launched this year many new

fragrance, skin-care, cosmetics and bath brands and are testing many new digitally native brands and clean beauty products. We're also enhancing the customer experience online and in stores.

"The reimagined beauty pads significantly expand the footprint of the dedicated beauty area and offer an elevated experience, including wider aisles, brighter lights and updated fixtures, plus dedicated beauty advisers and interactive technology within the space," she said. "We know there's opportunity to grow beauty at Kohl's, and we're going after our share."

Neela Montgomery, ceo of Crate & Barrel, said that increasingly, a brand is defined "by what other people say about you, not what you say about yourself. Our brand has six to seven times higher engagement through micro-influencers than through our own channels. We want our brand loyalists to be our best ambassadors."

Attracting that new generation of consumers is more complex now than in the company's previous 58 years. Montgomery said Crate & Barrel's challenge has been telling its story through "multiple platforms and different types of media." For the first time, during the recent holiday season, Crate & Barrel eschewed traditional advertising and marketing such as television. That prompted the company to be "bold, inspiring and courageous digitally."

DTC AND THE NEXT GENERATION

A panel with the cumbersome title, "Retail as a Service: Using plug-and-play infrastructure to test and learn in the physical retail channel," featured Matthew Alexander, ceo of [Neighborhood Goods](#), and Kevin McKenzie of CrowdedSpaces, discussing new, lower-cost options for direct-to-consumer brands looking to enter the brick-and-mortar realm.

CrowdedSpaces helps brands find real estate, while Neighborhood Goods curates a selection of brands at its two stores in Plano, Tex., and Manhattan's Chelsea Market, with a third bowing soon in Austin, Tex. Alexander said Neighborhood

Goods is rolling out a dashboard that will power analytics for brands. CrowdedSpaces has metrics to share with brands as well, including how many people walked by a store.

Enjoy has grown to 2,000 employees by inventing mobile retail sales, said ceo [Ron Johnson](#). “We bring the store through the door,” he said. “The last mile is where the customer and product meet. Nobody has imagined the last mile. There’s the dumb delivery that leaves it on the doorstep.”

Enjoy sends trained employees to consumers’ homes to set up and teach them how to use electronics such as iPhones, ordered through AT&T and other carriers. Enjoy team members also upsell a variety of ancillary products from phone cases to AirPods. “We offer deep engagement with a product,” Johnson said, adding that Enjoy tripled its revenue last year and will do so again in 2020. “We’re getting bigger and bigger. I’m looking to move to other categories in the future. Whether beauty or online fashion, those experiences are broken.”

Disruptors with unique formats shared a stage and included subscription rental firm [Le Tote](#)’s cofounder and ceo Rakesh Tondon, who said, “We added offline with our acquisition of Lord & Taylor’s 38 stores. Le Tote will be available there, and we’re growing the L&T franchise to become more of a national footprint and international.”

[StockX](#) ceo Scott Cutler touted the site’s dynamic pricing as a key to unlocking demand. “The power is in the consumers’ hands to pay the price they want,” he said. “As a growing company, we’ve got a lot to learn to scale the business. What we’ve seen is sneakers push into a different demographic. We launched handbags, watches and fashion collectibles.”

[Poshmark](#) cofounder and senior vice president of new markets Tracy Sun, said the platform’s 50 million users share 30 million items daily, visiting the platform between five and seven times a day and shopping for women’s fashion, men’s wear and home decor. “We took a baby step last year and went to Canada and we’ll be expanding into new geographic regions again.”

[Rag & Bone](#) has been working with Hero, which instantly connects online shoppers to stores via text chat and video. Stylists who speak to online customers are actually sales

associates at local stores. Hero founder Adam Levene said consumers receive guidance and see products at the store up close through a FaceTime-like experience.

“We can convert the online customer to visit the store,” Levene said. “Stores get the credit when a customer buys online. Stores no longer see the dot-com as a threat,” Harris added, “The human touch is the reason we shop. We want social interaction. We’re taking the best of the physical space and bringing it to the digital space.”

Gwyneth Paltrow Courtesy Photo

GOOP AND LEANING INTO STRENGTH

[Gwyneth Paltrow](#), founder and ceo of [Goop](#), closed out the convention program on Tuesday afternoon confessing to having had “an almost instinctual passion and desire to connect with people,” when she launched Goop as a newsletter from her kitchen table. “When I started, I didn’t have the institutional knowledge and education to start a business. I had no idea how to monetize it.”

Focusing on content first and using it to educate readers, Goop has grown into a contextual commerce company that produces its own apparel collections and CBD products, while also selling multibranded apparel, home and beauty lines.

“We started a clean beauty platform,” Paltrow said. “We found a lot of white space. I love a good moisturizer that doesn’t have antifreeze in it. We want to make the most of our lives and have agency over our bodies. Investors recognize that we’re striking a chord with a very desirable consumer.

“Controversy comes to us around alternative modes of healing and women’s sexuality,” she said. “I don’t mind. Paltrow has an upcoming Netflix series, “Goop Lab,” that explores health and wellness issues including psychedelic drugs, exorcisms and something billed as orgasmic meditation.

“Being Gwyneth Paltrow opened a lot of doors, but it definitely created hurdles as well,” the actress said. “You have to lean into your strongest areas. This has been the most invigorating experience of my life.”



WWD Recommends



PARTIES

NRF's \$4 Million Foundation Gala Honors Michelle Gass of Kohl's

The NRF Foundation gala was filled with industry VIPs, special honorees and students embarking on retail careers.



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