NRF LOSS PREVENTION CONFERENCE & EXPO — JUNE 12-14, 2013 / SAN DIEGO, CALIFORNIA — SAN DIEGO CONVENTION CENTER — National Retail Federation

Omni-Channel Retailing

Fraud Trends and Prevention Strategies

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Agenda

- What is Omni-Channel Retailing and how does it apply to LP?
- Leveraging partnerships within your organization
- What types of controls should I be looking at?
- Tools needed to develop a risk strategy
- Supply Chain tie in
- Recap/Questions

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Saks Fifth Avenue

- Opened first Full Line store in 1924
- 43 Saks Fifth Avenue stores (United States)
- 4 Leased International Locations

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Saks Fifth Avenue OFF 5th

- Saks Fifth Avenue OFF 5th opened in 1990
- 66 OFF 5th locations today
- Heavy expansion underway
- 2012 Annual Sales Volume - $3.15 Billion

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Omni-Channel Retailing

- Definition: **Omni-Channel Retailing** is an evolution of multi-channel retailing but is concentrated more on a seamless approach to the consumer experience through all available shopping channels, i.e. mobile internet devices, computers, bricks-and-mortar, television, catalog and so on. (Wikipedia)

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Saks' Commitment to Omni-Channel

- 2000 Saks.com launch
- 2011 – Introduced Saks Fifth Avenue mobile application.
- 2012, Free Wi-Fi networks rolled out to all SFA stores
  - iPads in all of our SFA stores

Saks' Commitment to Omni-Channel

- 2012 - "Project Evolution"
  - Significant upgrade of our information infrastructure/systems underway (year two of a three year process)
  - "Buy online, ship from store" functionality incorporated in Q4 2012
- 2013 - iTouch-based mobile point-of-sale ("POS") Pilot

Saks' Commitment to Omni-Channel

- Opened 600,000 Sq Ft, robotic fulfillment center in September, 2012

Saks IT Strategic Focus

One View of the **Customer**	One View of the **Inventory**	One View of the **Product**
Status: • 360 View of the customer built & use • 360 View is in use for Cca • 360 View used for Customer and Value segmentation • 360 View for OFF5TH Complete	**Status:** • Enterprise wide real-time inventory • Store Inventory position visible on .Com • Find in-store • Buy on-line ship from Hold and Flow • Buy on-line ship from store (Project Lightening and Thunder)	**Status:** • Develop workflow process • Selected software vendor • Established centralized item set-up group • Product Information Management (PIM) roll-out Q1
What's Next: • Decommission old Data warehouse • Enhance as needed	**What's Next:** • Activate remaining OMS fulfillment rules engine • Integrate look book	**What's Next:** • Unified view of product attributes across the organization • Collect rich product data

Mobile POS and Saks AP

- Firmly-established relationship with CIO
- Mobile POS steering committee established Jan. 2013
- Key stakeholders consisting of:
  - IT
  - Stores Organization
  - Operations
  - Credit services
  - ASSET PROTECTION

Mobile POS and Saks AP

- Asset Protection immediately took the lead in the discussions related to:
  - Establishing AP best practices
  - Vulnerabilities to theft/fraud
  - Ability to track devices
  - Ability to monitor transactions
  - Ability to capture all activity via CCTV

Mobile POS and Saks AP

- March 2013 – Subgroup of AP/IT members met and discussed ways to physically monitor mobile POS devices utilizing video and EJ
- April 2013 – AP/IT toured ISC West to identify technologies that would assist in meeting established objectives related to video and technology tracking

Mobile POS and Saks AP

- April 2013 – June 2013 (Next Steps)
  - Identified test store
  - IT/AP met vendor at test store to review functionality, test application and assess opportunities
  - Preliminary test results currently being shared with business partners

Mobile POS Best Practices (Saks)

- Associates cannot process any transactions in non-selling areas
- Associates would not be permitted to leave the store with mobile POS devices.
- Associate transactions must be processed by a member of Management team
- All Associate transactions require a printed receipt.

Mobile POS Best Practices (Saks)

- Designated locations identified on the sales floor where refunded merchandise is to be brought following the completion of a return transaction.
- In the short term, Wrap stations will be fixed locations on the sales floor.
- EMCs would be stored at the wrap station and are not permitted to be carried by Associates

Disney Store

- Merchandising arm of Disney Consumer Products, a segment of The Walt Disney Company.
- Global Retail Division with over 350 stores within North America, Europe and Asia as well as 5 E-commerce sites.

Disney Store

- Each Disney Store offers a magical shopping experience that can only be delivered by Disney, one of the world's largest and most successful entertainment companies.

Omni-Channel Programs

- What does Omni-Channel mean at Disney Store?

Mobile POS

- What types of transactions and discounts are/or should be considered on Mobile POS devices?
- Insuring proper naming conventions of Mobile devices to differentiate from standard POS.
- Mobile device physical controls
- If using a Mobile App – does your purchase history get stored in a centralized returns database?

E-Receipt Usage

- Consider whether or not to allow them on Mobile devices.
- Add an attribute to identify when an E-receipt is issued.
- Are there controls to prevent multiple distribution?
- Do I have the ability to Query/run velocity reports for multiple receipts going to the same email address?

Buy In Store / Ship to Home

- Purchases made in store on POS system and shipped directly to the Guest
- Does your online POS system interface with your B&M POS system?
- Order Cancels / How to flag these sales for exception reporting and analysis?
- What kind of velocity reports can I generate?

Returns of Online Purchases at B&M

- Account Lookup (Name, Address, Email address, Phone or Order #)
- Recording of online order information in POS.
- Moving one problem to another. DC returns decrease while in-store returns increase

E-Commerce/ Mobile Applications

- How does Social Media (Facebook, Twitter) impact Omni-Channel Retailing? (pricing, events, promotions, crisis situations)
- How do you manage Guest/customer relations between the channels?

DIGITAL
MOBILE
SOCIAL
FRANCHISE
INTERNATIONAL
CREATIVITY

GUEST FOCUS
QUALITY
OMNI CHANNEL
STORYTELLING
EXPERIENCE

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Questions…

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