

Inside: Wrap-up of Retail's BIG Show

# STORES

The Magazine of NRF

FEBRUARY/MARCH 2017

Elevators  
Shops  
Restaurants

All Gates

Gates A2 to A7  
Arrivals Hall  
Exit Baggage Claim

BOSS  
HUGO BOSS

TUMI

Luxury  
Retail is

# FLYING HIGH

Airport shopping has moved beyond  
souvenir stands and fly-by eateries  
p. 22

# Found Money

A centralized temperature system helps National Stores lower utilities and maintenance costs

by PETER JOHNSTON

National Stores Inc. was founded in 1962 by Joseph Fallas, in a single store in downtown Los Angeles as a clothing outlet aimed at the Hispanic American community. The company, still privately held, is now run by Michael Fallas, the founder's son. It operates more than 350 stores in 22 states and Puerto Rico, doing business under eight banners including Fallas, Fallas Paredes, Factory 2-U and Anna's Linens. Stores offer brand-name and private-label clothing for men, women, boys, girls, juniors, infants and toddlers, along with lingerie, shoes and household items.

A lot of the places National Stores does business — southern California, Arizona, New Mexico, Texas, Nevada and Florida, not to mention Puerto Rico — are hot. Making a store welcoming and comfortable to its customers means running the air conditioner a lot, which means that utility bills constitute a significant portion of each store's operating expenses.

Jimmy Lee is the company's construction analyst and chief procurement manager, and is also involved with its energy management. Finding ways to lower the electricity bill is part of his job.

## ELIMINATING THE HUMAN FACTOR

One way to do this — a time-honored approach familiar to practically anyone who has ever worked in a large organization — is to send out reminders to people in the field that they should turn the AC off (or at the very least, down) before they close up at night.

This past September, in fact, an



"Having this kind of total control means first, we're saving on the electricity bill, and second, we're going to save on maintenance by not over-running our HVAC units."

— Jimmy Lee, National Stores Inc.

email went out to all store managers from the CEO himself, Michael Fallas, telling them they must turn off the air conditioning before they go home.

"More than half of them didn't do it," Lee says. "Either they wanted to have a freezing cold store to open up in the morning, or they just forgot."

What National Stores needed was some way of taking control of the HVAC systems in the stores and regulating them without having to rely on the memory and willingness of store managers.

Lee's quest for a solution led him to Zen Ecosystems, which manufactures two products. The first is Zen Thermostat, which provides total local control of the lighting and HVAC systems.

The second is Zen HQ, a web portal that gives a manager at a central location — in this case, National Stores headquarters in California — enterprise-level control over all the Zen Thermostats.

## WIRELESS SIMPLICITY

That sounds very simple. And Zen Ecosystems CEO James McPhail says simplicity is one of the things that differentiates his company's system from the offerings of its competitors.

"Traditionally," he says, "installing a building automation system is a huge undertaking from the point of view of the infrastructure required within the building, which is very disruptive and very costly. It's also not the right fit for everyone. When you look at the 6 million commercial buildings across the United States, there's a reason that fewer than 20 percent of them have these controls. They just aren't designed for everyone."

What Zen Ecosystems set out to do was put together a digital control device that connects to a site's existing infrastructure and can do what traditional control systems do at a fraction of the cost and aggravation. The company was founded by Planet Innovation, a 20-year-old high-tech product



development company in Australia, and Toronto-based MMB Networks, which makes wireless chips that enable various kinds of products and systems to connect and interact with each other.

This kind of interactivity, McPhail says, is the basis of his firm's ability to make quick and relatively painless installations.

"A typical installation of an energy management system could take 10-plus days, which obviously drives up cost," he says. "We're able to install two or three stores a day with one installer, which obviously drives down cost — plus we don't have to rip out and rebuild the wiring. So instead of having a five-plus-year return on investment, customers like National Stores are able to see an ROI in less than six months."

Just how extensively this solution will be adopted remains to be seen; Zen is a new company, and Zen HQ, the enterprise-level control portal, was just introduced in September.

### QUICK RETURN

That said, at least as far as National Stores is concerned, the system is proving that it can do what its manufacturers say it can do, even after a very short time.

"We started seeing an immediate difference," Lee says. "We put about 25 thermostats in our corporate office building, which holds about 200 employees. We installed the system in August, so the first full month it was in use was September. I looked at the electricity usage bill from this September and compared it to September, which is in our hot time here in southern California, from prior years.

"We had a consistent record of paying an average of about \$10,000 a month every September. After we put the Zen system in, it was \$2,500 lower. That's a 25 percent savings right off the top."



As to ease of installation, after about four months National Stores has the Zen system in about 100 stores, and is on schedule to roll it out to the entire chain. Lee already has his eye on the second phase of cost savings from the system — maintenance.

"In a lot of the stores," he says, "the employees have been leaving the HVAC system to run all day, all night and all week — that's including heat in the winter — which causes our HVAC systems to fail. This system prevents that, because we're going to set timing.

"Here at headquarters we'll decide when it turns on and when it turns off. Having this kind of total control means first, we're saving on the electricity bill, and second, we're going to save on maintenance by not over-running our HVAC units."

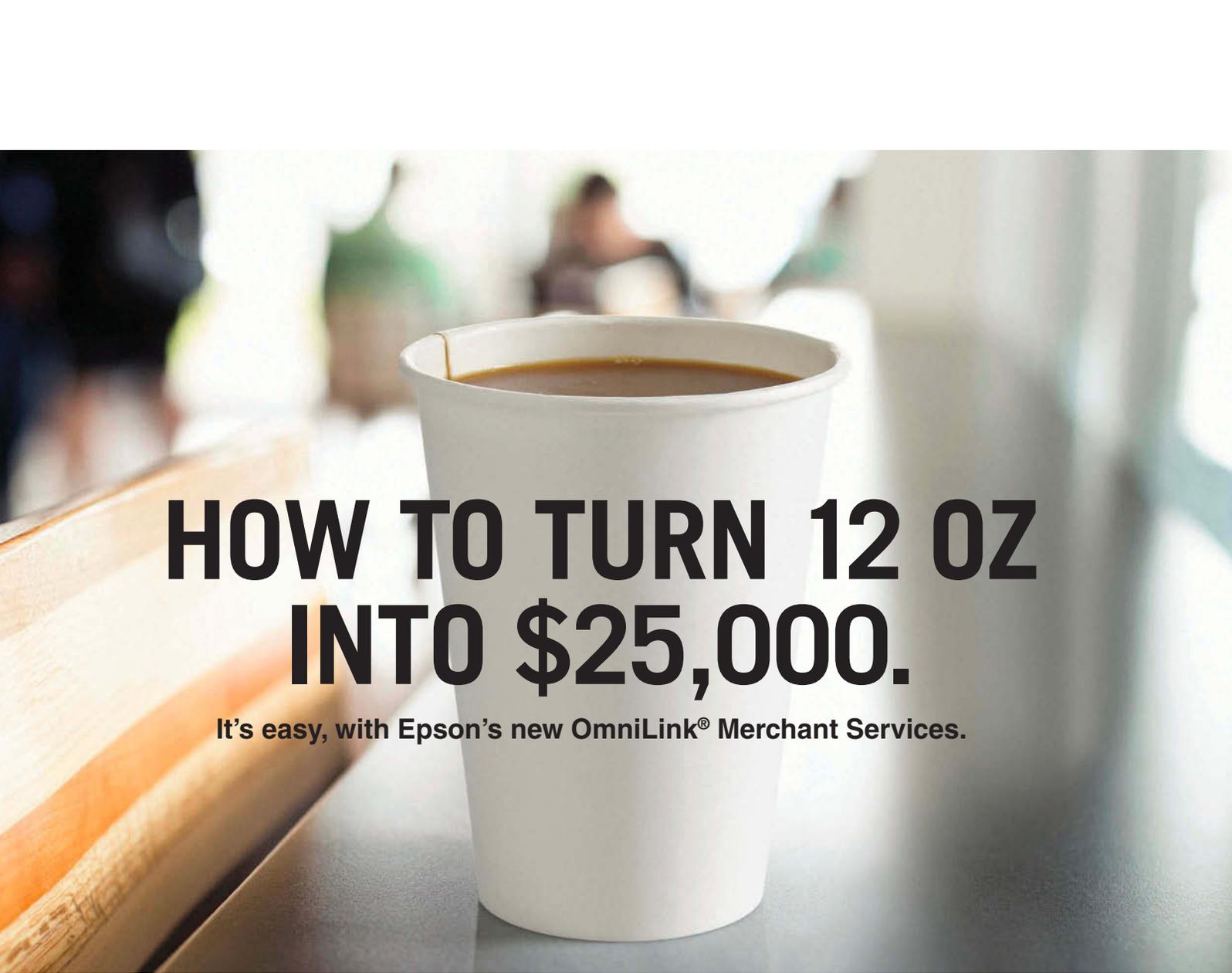
### LOOKING AHEAD

For National Stores, the next big energy-saving initiative will be a chain-wide shift to LED lighting.

"The usage cost differences are compelling," Lee says, "and a lot of states are offering incentives, because they want people to get to get rid of all these [fluorescent] bulbs and ballasts. We know the Zen system could hook into the LED lighting system, so we're going to try to use it to maximize the benefit of the savings we'll get."

In conclusion, Lee says, "In a fast-paced retail environment on an enterprise level, and on the level of several hundred stores, we're looking for simplicity. We're looking for lower costs with an ROI return within six months to one year. Everything we have experienced within these few months of installation of the Zen system tells me that is exactly what we're getting." **STORES**

Peter Johnston is a freelance writer and editor based in the New York City area.



# HOW TO TURN 12 OZ INTO \$25,000.

It's easy, with Epson's new OmniLink® Merchant Services.

A restaurant operator dramatically increased overall sales by using data to drive employee sales behavior through gamification, and Epson's OmniLink Merchant Services showed him how. By capturing transaction data through the Epson® receipt printer and analyzing it in real-time, this new cloud-based platform can incentivize staff, support customer loyalty, reduce employee theft, minimize inventory waste, increase check size, and more.

See what Epson's OmniLink Merchant Services can do for you. [Epson.com/OmniLinkMerchantServices](https://Epson.com/OmniLinkMerchantServices)

## OmniLINK Merchant Services

Another Innovation from Epson Business Solutions.

EPSON is a registered trademark and EPSON Exceed Your Vision is a registered logomark of Seiko Epson Corporation. OmniLink is a registered trademark of Epson America, Inc. All other product and brand names are trademarks and/or registered trademarks of their respective companies. Epson disclaims any and all rights in these marks. Copyright 2016 Epson America, Inc.

**EPSON**<sup>®</sup>  
EXCEED YOUR VISION

