



Measure the effectiveness

Malcolm Buxton presents three strategies to help retailers analyse promotional performance

Promotions are a key element in any retailer's arsenal of tools to help drive sales. In an economy still fraught with uncertainty, some customers are hardwired only to purchase products on sale. Promotions are crucial for retailers to communicate when new products are available and when they are offering discounts for the items their shoppers want to buy.

However, two major shifts in the retail landscape are changing the way companies think about promotional planning. Social media sites – like Facebook, Groupon and LivingSocial – are gaining attention for being able to accurately target specific audiences. Secondly, retailers are coming to the realisation that promotions should not simply be an arbitrary effort to increase traffic and reduce stock levels. Rather, promotions should be an integral part of the overall planning process.

Before promotions can be wrapped into a retailer's overarching plan, it must first establish a baseline for how its promotions have performed in the past. Most retailers leverage sales history from the previous year to create promotions. However, this approach is not based on current data or trends. Without advanced technology, most retailers won't have an accurate understanding of how well their promotions performed until a month or two after the campaign begins. This delayed view impedes their ability to adjust campaigns midstream to increase sales and traffic.

JustEnough Software offers the following strategies for better promotional planning:

Start with the data. Retailers should know if a product was promoted online, in print or if it was part of an e-mail campaign. From there, they should analyse details at a more granular level – for example, what was the click-through rate for a product promoted via an e-mail campaign to

customers? If it was advertised via social media or online, how many customers came through that channel? Advanced technology makes it simple for retailers to gather data and then analyse it for future promotions.

Seek out new channels. Retailers should consider how new channels can impact the effectiveness of their campaigns and grow their customer base. Unlike print or TV advertising, promoting products through social media and online channels takes a lot less time to plan and execute. And, adjustments to such promotions can be made almost instantaneously.

Make it part of the process. All too often, promotions are simply an afterthought in the overall planning process. Merchandisers should be trained to leverage new solutions designed to help analyse the effectiveness of their promotions – and then use that data when they plan future campaigns. Retailers may consider giving their planning teams incentive to leverage new technology that will help them better analyse the effectiveness of past promotions. One way is to make their year-end bonuses heavily reliant on meeting goals set for product categories.

Retailers that decide to install best-in-class technology, seek new channels to promote their products and make measuring the effectiveness of their promotions part of their overall planning process will benefit tremendously. As a result, retailers will avoid making unnecessary inventory investments, leading to lower product obsolescence and higher profit margins at the end of the holiday season.

Malcolm Buxton is president and CEO of demand management solutions specialist JustEnough Software

“Retailers should consider how new channels can impact the effectiveness of their campaigns and grow their customer base”

CALLING THE SHOTS

The balance of power in the retail landscape is shifting, with consumers having more control over the shopping experience than ever before. Karen McCandless looks at how connecting with customers in a consistent way can help retailers compete

Customers are calling the shots when it comes to deciding what they buy, and when, where and how they buy it. No longer reliant on retailers to guide them towards the right product, many have now taken matters into their own hands, boosting their purchasing power and making retailers change the way they operate across channels. This change has been driven by the pervasiveness of consumer devices such as smartphones and tablets, as well as price comparison and review websites like Amazon.com.

“Technology has quickly transferred the power in the retail partnership into the hands of the consumer,” says Susan Olivier, vice president, consumer goods and retail, Dassault Systèmes. “Customers can connect with each other, research products and compare prices with a speed and transparency never before available. They also have virtually complete product and price transparency thanks to ubiquitous internet access and mobile devices.”

“Consumers have seemingly endless and instantaneous access to resources, whether they be ratings or review sites or other tools,” adds Jeong Eun Woo, associate director, retail, Microsoft. “These tools and this information are readily available across devices, which has resulted in an increase in customer expectations and demands.”

Consumers are now not only relying on these online tools to help them decide what to buy and from where, but they’re also looking for recommendations from social media, online forums, and friends and family. “Social media has become an important way of making retail decisions,” says Bruce Woolsey, director, vertical industry team, Microsoft. “It changes the way we shop. In the past you would choose from a few brands and then buy a product in store on the advice of a store associate or based on packaging. Now consumers buy products and brands they’d previously never heard of based on reviews and recommendations.”

Despite the clear importance of social media, many retailers are still not engaging with consumers in this social and online conversation. Research from Aurore revealed that while most UK online retailers are using social media, very few are using it effectively. Only 25 per cent responded to a question directed to them; 20 per cent responded to a negative comment; and only 10 per cent responded to a positive comment. But retailers must actively engage with the online community, whether the comments are positive or negative. “The way that consumers are interacting and representing retailers’ brands through social channels has evolved and advanced more than most retailers thought,” explains Matt Muta, director of worldwide industry and global accounts, Microsoft. “Every interaction consumers have with brands is creating an impact and being shared online.”

With brand loyalty on the decrease and not all companies able to compete on price, retailers have to find other ways to attract customers. “As consumers have access to so much information and are better informed, even if they are loyal to a brand they will still look at other offers,” says Eric Seiberling, director of CPG-retail industry experience strategy, Dassault Systèmes. “This means the company’s reputation becomes more important, which retailers need to manage through joining and monitoring the conversation. And if they can’t compete on price, they need to work out how quality and innovation factor in the buying process. Ultimately, it is about consistency of brand promise – how retailers present their brand, the language they use and the way they engage with consumers over time in a consistent way.”

“Microsoft can connect with consumers in a relevant way across multiple platforms on multiple devices, at home, in store or online, be it with Bing, Xbox or MSN”

Tom Kersten
Microsoft

One way retailers can engage with shoppers is through digital touchpoints such as kiosks and signage, gaming consoles and digital displays. These allow retailers to get information from customers and enable shoppers to interact with retailers. Companies also need to make sure customers are having a consistent experience, but more importantly, that it is contextualised and relevant. “Retailers require more of a one-to-one and customer-centric view of each consumer – rather than just thinking about them in a demographic brand, they need to think about them as individuals,” says Muta.

This means it’s not just about connecting up the transactional shopping experience, it’s about communicating a consistent message across all channels and devices, and ensuring shoppers have all the information they need at their fingertips. “Consumers expect to find detailed product information on brand and retail websites – not just prices but features, benefits and real-time product availability,” says Dassault Systèmes’ Olivier. “Brands and retailers need to manage all points of customer interaction to ensure a consistent

brand image and message, as well as pricing.”

In fact, a report from Aberdeen Service Management’s research practice revealed that what really differentiated an organisation from another is the attention it paid to – and the investment it made in – the delivery of a consistent, effective and valid service experience, regardless of the channel.

But one of the issues that is holding retailers back is the large amount of unstructured data that resides in different systems. “Retailers have a lot of information available internally, but often in discrete systems initially created to support a unique channel,” explains Olivier. “This means pricing, inventory, product descriptions and even SKU numbers may be captured multiple times for the same product, leading not only to wasted effort internally but potential confusion for the customer and the associates trying to serve them. Retailers need to find ways to make data available comprehensively and consistently to all customer-facing associates.”

This is where having the right technology can help pull data together to provide a consistent view of customers. “Retailers need an integrated

solution that joins channels together and delivers consumer insight from stores, online, direct and mobile,” says Tony Bryant, head of business development at K3 Retail and Business Solutions. “As retailers move from a purely transactional model to an engagement model, channel management will play a significant part in delivering customer satisfaction.”

This is an area where Microsoft and partners aim to help. “Our goal is to enable a retailer to build an integrated experience across all platforms in a way that is both simple and can optimise the shopping experience, while leveraging data and analysis,” says Woolsey.

“Microsoft can connect with consumers in a relevant way across multiple platforms on multiple devices, at home, in store or online, be it with Bing, Xbox or MSN,” adds Tom Kersten,

global industry director, retail, Microsoft. “While branding and creating awareness is still very important, what technology allows us to do is target a more specific audience and go much deeper with that audience.”

US retailer Macy’s is one example of a company that is taking the time to understand what is happening in the marketplace and getting creative with how it markets to its customers. The company invested in Bing Deals, which brings together offers from Groupon, Living Social and Restaurant.com among others, when it was first launched. Target has also been at the forefront in creatively connecting to its consumers by engaging with shoppers in the living room, in store, online and on mobile. And globally, Walmart set up its Walmart Labs initiative to work out how it can become a leader in

Viewpoint: Russell Dorset, Sales and Marketing Manager, Maginus

Delivering a seamless and personalised service

Retailers must develop and adapt to new channels in a cost-effective way if they want to continue to thrive, says Russell Dorset

Despite the current economic gloom in the UK, the e-retail market is continuing to thrive, currently growing at 16 per cent per annum, according to an IMRG study. The industry has also observed a dramatic increase in the use of m-commerce in 2011. The study shows that 3.9 per cent of e-commerce sales are now made using mobile devices – a growth of 975 per cent in only 18 months. The proportion of website visits on mobile devices grew from 1.4 per cent to 8.2 per cent in the same period.

The challenge for retailers is to develop new channels in a cost-effective way,

ensuring that their business systems are flexible enough to handle not only the existing but also the emerging channels. The simplest of functions, however mundane, must not be overlooked. Retailers need to be able to input information, such as product details, pricing and promotional offers into a central system, with data shared across all channels for operations to flow smoothly. It’s also important to use stock effectively to fulfil orders, which is only possible if accurate stock availability is presented to customers through whichever channel they choose to shop via.

True multi-channel technology will

allow seamless integration of all channels, providing visibility of stock and customer habits across all channels. This allows the retailer to not only meet customer expectations, but also deliver a seamless and personalised service.



Russell Dorset is sales and marketing manager at Maginus

Viewpoint: John Curnow, European Vice President of Retail, NCR

The changing role of the store

The store will continue to play a part in multi-channel but in a different way, says NCR’s John Curnow

When people go shopping in physical stores, they want to be able to access all the things they love about e-commerce – endless choice, total price transparency and the ability to hear other consumers’ experiences – to make the right brand choices at the right price point.

As a result, retailers are reinventing the format and function of their stores. They are enabling consumers to use personal technologies – such as their mobiles and other devices that access the internet – in combination with their bricks-and-mortar stores to deliver better value and a more connected consumer experience. Retail stores are becoming ‘brand theatres’ that feature video walls that inspire, and touch screens that give consumers access to an extended inventory.

Online ordering via touch screens typically increases in-store sales by around

three per cent. By making it easier for shoppers to get hold of the sizes, colours and product variants they want for store or home delivery, retailers can improve sell-through, minimise end-of-season mark-downs and increase margins without holding excessive stock in store. We are also increasingly seeing ‘e-boutiques’ emerge, which are micro format stores with a limited range, supported by e-commerce, complementing larger destination stores showcasing all of a retailers’ products.



John Curnow is European vice president of retail at self-service solutions specialist NCR

Viewpoint: Tony Bryant, Head of Business Development, K3 Retail and Business Solutions

Microsoft Dynamics for multi-channel

Tony Bryant discusses K3’s multi-channel customer implementations

K3 Retail has been supplying multi-channel functionality to retailers for the last six years based on the Microsoft Dynamics platform. The White Company is one leading retailer and K3 multi-channel customer that has implemented the Dynamics platform. Based on its success, this then influenced another UK clothing retailer, White Stuff, to implement our latest multi-channel offering.

We also have two customers who are now engaged in a beta version of Dynamics AX 2012 for Retail. One of these is leading Irish retailer Eason, which has recently embarked on a programme to replace its legacy systems and consolidate its systems and processes. A key component of this is the implementation of a modern enterprise resource planning system that can more efficiently support the current business and future growth, along with a refreshed technology platform to deliver a modern and leading-edge infrastructure to the Eason business.



Tony Bryant is head of business development at K3 Retail and Business Solutions

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MULTI-CHANNEL RETAILING



Walmart's new initiative, Walmart Labs, is helping it better connect with consumers

e-commerce and incorporate social into everything it does.

But, in order for retailers like Macy's, Target and Walmart to be able to produce these targeted and integrated campaigns, they need to understand customers better. "It starts with finding out who your shopper is and exactly what they want and then designing experiences around them that enable them to get the most out of their shopping time," says Dassault Systèmes' Seiberling.

This will enable retailers to understand what customers are doing at each touchpoint and craft better offers based on this information. "Deal hunting is now an integral part of consumers' lives," says John Curnow, European vice president of retail, NCR. "This is about more than just saving money: it's about being perceived as a smart shopper and it's a source of social status too. In light of this, promotional campaigns need to evolve to become more targeted. Today's scattergun approach – which involves grouping shoppers into broad

Viewpoint: **Lindsay Carpen, Director of Consulting, Junction Solutions**

The rise of click and collect

Lindsay Carpen looks at how technology can help retailers serve customers better across channels

One of the most notable changes in the 2011 holiday season was the significant uptake in click and collect behaviour, where customers order online and pick up the goods in store. This has had an important impact on retailers that have to manage other order streams, as well as taking associates away from the selling floor and moving them to the fulfilment floor. It has also led to challenges in two areas of business – organisational and operational.

Organisational challenges arise where different divisions (online versus bricks and mortar) war over the credit for the sale. Further complications arise on the operational front. Given that most retail associates are on some sort of commission, convincing an

associate to take time away from the sales floor to fill an e-commerce order without an accommodating commission is difficult. This then impacts customer service and creates a brand problem.

Retailers then need a platform that will enable them to serve their customers better. This is where technology can help by minimising the labour impact of completing click and collect transactions. It also allows retailers to collect the information they need to adjust the staffing expectations in the store. Junction Solutions uses Microsoft Dynamics AX for Retail along with our Multi-Channel Retail product suite to allow a retailer to seamlessly manage cross-channel order processes. We differentiate

ourselves by providing these capabilities on a single platform with deep functionality.

In the future, customers will not distinguish channels and will increasingly look for a congruent experience. Additional channels will also become opportunities to interact with customers and reinforce the brand promise.



*Lindsay Carpen is
director of consulting at
Junction Solutions*

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MULTI-CHANNEL RETAILING

segments, based on their demographic profile or previous purchases, and sending them offers and information – will only deliver limited returns. We will start to see retailers create online portals to enable consumers to keep them up-to-date with their product and communication preferences, including what channels they want to receive offers through.”

In line with this focus on understanding the customer and having a more customer-centric approach, retailers are likely to move from a multi-channel to omni-channel strategy, allowing shoppers to use all channels simultaneously and seamlessly. “Consumers don’t really think about shopping in terms of different channels; that’s why omni-channel makes sense,” says Kersten. “In the past few years, silos have been broken down within retailers and they are connecting messages across organisations, allowing customers to use different channels at once. Retailers need to maintain a consistent message that can fit in with the view that consumers have of the shopping experience.”

The store, or the so-called ‘dark channel’, is also likely to make a comeback, although in a much different way. “Retailers have done so much work online to create a one-to-one relationship with the customer, but the one area they haven’t focused on or had the ability to understand is what consumers are doing in store,” says Muta. “Companies can help address this by leveraging digital touchpoints throughout the store tied to CRM systems. These technologies will then permeate into the consumer world.”

“While stores will always be here, they will undergo a dramatic change within the next three to five years, especially when it comes to the way space is used,” says Bryant. “The store of the future will be critical as technology drives new engagements with the consumer.”

And it will be the retailers that keep up with the fast-moving technology market that will succeed in this space. “In ten years, the top retailers will be the ones that have shortened their input/output cycle so they can leverage technology faster than their competitors,” says Woolsey. “There will be brands and retailers who are global leaders that don’t even exist today because they were able to successfully engage more consumers through technological advances.”

Viewpoint: **James Gurney, Director, Retail Solutions, Ideaca**

The convergence of channels

James Gurney highlights the importance of presenting a consistent message across channels

Technological changes in the retail industry have led to a convergence in the channels through which consumers shop. For example with pricing and promotions – if a retailer sends a customer a discount code on their mobile or via e-mail, they expect to be able to use this in store. This poses problems, as retailers often have siloed systems, meaning that data across channels is not held in one central place. And having invested a lot of money in these systems, they are reluctant to change them overnight. However, the right technology can really help.

We work with Microsoft Dynamics AX for Retail combined with solutions such as Keyora Webfoot E-business platform. The advantage of Dynamics AX for Retail is that it allows retailers to have a store presence with the POS but also extend the merchandising and marketing strategy they have in the back office, meaning they can reach customers across all channels anytime, anywhere, in a manner of their choice.



James Gurney is director of retail solutions at Canadian-based IT consulting firm Ideaca

Viewpoint: **Peter Leith, Director of Product Strategy, JustEnough Software**

Integrate all your channels

An integrated multi-channel strategy is key for forecasting stock levels, says Peter Leith

Creating an integrated multi-channel strategy can be difficult without the support of best-in-class retail planning solutions. And trying to do so with the use of spreadsheets or suboptimal solutions can be a time-consuming and resource-heavy task. Advanced technology is needed to help retailers effectively manage the amount of data required to present their customers with a consistent and positive experience across any channel they choose to shop in. Ultimately, this helps retailers present a single brand across all channels, which helps drive up customer loyalty and profit.

The JustEnough retail planning applications are designed to help retailers forecast their customer demand and financials, plan their assortments, allocations and inventory, create effective markdown plans, evaluate promotional performance and then replenish products to the right channels where they have the best chance of selling for the highest price. This will help them avoid stock-outs in some channels, over-stocks in others, as well as lost sales and dissatisfied customers.



Peter Leith is director of product strategy at JustEnough Software

Solving Today's Complex Retail Problems

JustEnough's demand-driven retail planning solutions fully integrated to Microsoft Dynamics bring flexibility, accuracy and automation to the assortment planning through replenishment process.

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