

A close-up, slightly blurred photograph of a person's hand holding a gold-colored credit card over a payment terminal. The background is a bright, out-of-focus indoor setting, possibly a store or office. The overall tone is professional and modern.

THE EVOLVING ROLE OF TECHNOLOGY
IN RETAIL AND
HOW TO WIN AGAINST AMAZON

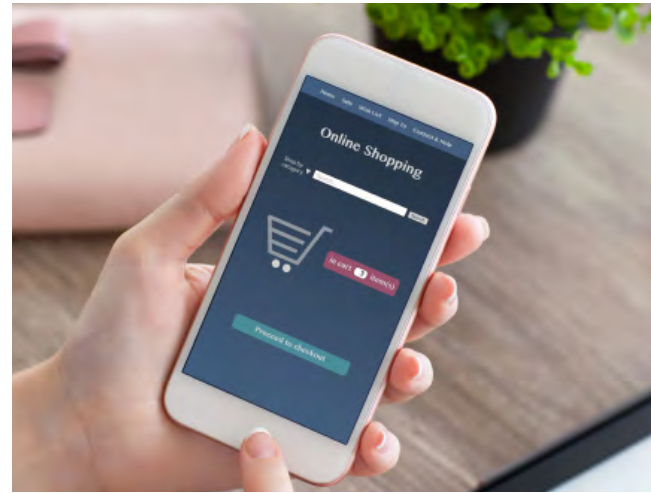
PART 1: The Evolving Role of Technology in Retail

Improving the Customer Experience	1
Enabling Your In-Store Employees	3
Extracting and Acting on Customer Insights	5

PART 2: 5 Ways to Win Against Amazon

Simplify The Decision Process	6
Commit to Social Listening	6
Cultivate a Community	7
Create an In-Store Experience	7
Develop a Loyalty Program	8

The Evolving Role of Technology in Retail



Technology is changing the retail landscape at an astounding pace. To stay both competitive and relevant in this consumer-driven, always-connected world, retailers must embrace the latest technologies. As an IT leader faced with making organizational technology decisions, this guide is designed to help you identify ways to

1. Improve your Customer Experience,
2. Enable Your In-Store Employees and
3. Extract and Act on Customer Insights.

And, given the need to compete with retail giants like Amazon, we've included recommendations for competing and winning against these prominent retailers.

Technology will continue to evolve. The question you should be asking is, how can we leverage these innovations to drive a transformation within our organization?

Improving The Customer Experience

Today's consumers expect a personalized shopping experience, both in-store and online. To stay competitive, leading retailers are focused on improving and integrating their customer experience across channels. So how are retailers creating memorable customer experiences? One pervasive trend is that they are turning to the latest in Enterprise Resource Planning (ERP) technologies to provide a customized and seamless shopping experience.



Why All The Buzz Around Omni-Channel?

According to IDC Retail Insights, "Retailers that deploy an omni-channel retail execution platform that enables the retailer to flexibly deploy new tactics and strategies to improve customer engagement and loyalty will be positioned to gain and maintain more consumer wallet share than their peers." In short, if you're not able to track a customer's behavior across channels and devices, you're missing the opportunity to not only increase revenue but also to drive a deeper and more personalized connection. And today's consumers expect, and at times demand that retailers know which channels they prefer and what they've purchased in the past.

How do leading retailers gather and store customer behavior data across channels to be able to create an omni-channel experience?

Retailers that are leading the charge around creating an omni-channel experience have one thing in common - they're using a unified Enterprise Resource Planning (ERP) solution. Simply put, if you're using separate POS, supply chain management, in-store and e-commerce solutions, you'll never have a complete picture of your customer or be able to personalize their shopping experience.

By using a unified ERP solution instead of point retail solutions, retailers gain visibility into consumers' purchase behavior and can use that information to personalize their shopping experience. Retailers that want to remain competitive need to ask themselves - are our systems enabling us or confining us from providing additional purchase recommendations, offering product discounts and allowing various ways to purchase.

Enabling Your In-Store Employees

Leading retailers understand the importance of having a well-trained and well-informed in-store sales team. It's no surprise that a sales rep armed with up-to-date inventory information, customer history and shipping details can serve a customer faster and more accurately. Unfortunately, this is not the case in every retail environment. , we've probably all run into sales reps that aren't prepared to answer even the most basic of product questions or look up current stock information. Make no mistake: Retailers that make the investment in connecting their back office systems to their front of store staff are making an investment in their customer and employee satisfaction. Employees that are empowered with the information that consumers today demand will be able to do their job better and be happier about better serving their customers.

In fact, when employees are most satisfied with their role, they provide the highest levels of service to customers. According Christopher Groening, co-author of a study of a European retail franchise system states, "the link between customer satisfaction and customer loyalty is almost twice as strong when you have high employee satisfaction compared to when they are not satisfied with their jobs."

How Do We Start?

If you're ready to integrate your back-office with your front office systems, start by taking an inventory of the current solutions you're using, then identify what workflows are associated with each system and, finally, outline which roles need access to the information in each system. From there, an ERP software solutions provider can help you build a roadmap for consolidating and integrating your technology.

Offering Convenience in Retail

Retailers are also using technology to create more convenient purchasing options for their customers. By utilizing a unified retail solution, you can offer multi-channel purchase options such as buy online and pickup in store. Another technology trend is the emergence of self-checkout kiosks. Self-checkout kiosks are becoming sales assistants by allowing customers to make purchases without waiting for assistance. In fact, a 2014 study by NCR10 reported that 42% of self-checkout users liked the convenience, 40% liked the simplicity, and 39% thought it was faster than the cashier assisted line.



A further way to enable your sales associates using ERP technology is through creating what's called Role Centers. Roles Centers within your ERP system are a great way to serve up specific product and inventory information by role. Store Managers can access a dashboard with a holistic views of schedules, inventory levels and upcoming product releases, while Store Associates can view a training calendar, product updates and answers to commonly asked questions.

The Power of Mobile

Another way progressive retailers are enabling their in-store employees is by providing access to mobile devices at the POS. By using a mobile POS device, sales associates are able to move throughout the store and interact with customers - where they are physically or where they are in their buying process. Sales associates can create custom quotes or orders and conduct product look-ups on the fly, without needing to retreat to a centralized location. Case in point: when Mattress Firm instituted mobile devices for their store associates, they were not only able to serve customers faster, but better:

“We think we can do more business with our customers at a faster pace and when more people walk into our stores; we can service more customers than we would have been able to before, and service them better.”⁴

Steve Fendrich
Mattress Firm
Chief Strategy Officer

Considering arming your Sales Associates with mobile POS devices? The proof is in the pudding: According to Forrester, the following are cost savings and benefits from surveyed organizations using Windows Tablets*4:

How Windows Tablets are Transforming Retail:

1. Sales managers saved an average of 5 hours per month of time they used to spend looking for information, or nearly \$450,000 per year.
2. Survey organizations saw a 50% increase in sales, or nearly \$1.2 million, in new sales profit per year from sales associates with Windows tablets
3. Survey organizations saw a 75% reduction in security issues, and faster issue resolution by 50%

Extracting and Acting on Customer Insights

One of the most impactful ways retailers are using technology today is to gather and act on and act on customer insights.

Knowing who your customer is: what motivates them to make a purchase, what influences them during their buying process and how they prefer to connect with your brand is imperative to staying competitive.

Companies that are collecting customer history data are able to improve sales by upselling their products and increase customer satisfaction by making customized recommendations.

Setting Retail KPIs

If you aren't measuring a set group of KPIs, consider tracking the following metrics and reporting on them monthly or quarterly to identify trends and insights:

General:

- Customer Retention
- Customer Satisfaction
- Point of Purchase
- Cost of Goods Sold
- Incremental Sales
- Average Purchase Price

In-Store:

- Wage Cost
- Units Per Customer
- Ticket Price Per Customer
- Conversion Rate
- Sales per Square Foot
- Sales Per Hour

Today's consumers are short on time and if they can't find the product they want because of an inventory shortage, they'll simply shop (or click) elsewhere. Consider this: while your customer is in your store waiting for your sales representative to check on inventory, they can be using their phone to see if Amazon has the item in stock and making a purchase as they stand there.

5 Ways to Win Against The Amazon Machine

There's been plenty of news over the years about what Amazon is doing right - how they're leveraging technology to drive customer loyalty and satisfaction. But given the advent of cloud-based technologies, powerful retail solutions are now more affordable than ever for the small to mid-sized retailer, making competing with the Amazon "machine" more possible than ever.

Here's a few ways the modern retailer can regain market share and drive customer loyalty using technology:

1. Simplify The Decision Process

Today's consumers are strapped for time. Retailers that simplify the shopping experience - both online and offline - will continue to see an increase in business. In fact, one of the downfalls in the Amazon shopping experience is being bombarded by a vast array of and often times non-relevant products. How many times have you abandoned Amazon or another e-commerce site because you couldn't find the exact product you were looking for? Retailers looking to compete with Amazon need to help customers evade shopper fatigue. Consider ways you can collect and filter information based on a customer's preferences, serve-up recommendations based on expert reviews (think "editor's picks"), or suggest additional items that supplement an existing purchase. You must also have technology in place that is gathering basic KPI data such as inventory levels and costs of goods and have the ability to view data in real-time.

2. Commit to Social Listening

Gone are the days of brand loyal consumers. To stay relevant with today's fickle buyers, consider the power of Social Listening. Social Listening using a Customer Relationship Management (CRM) system, enables retailers to gather purchase intentions and then customize discounts, offers and promotions based on customers' interests. Customizing your offers and marketing messaging based on intentions gathered from social allows you to stay relevant and shows customers that you're in tune with their needs. If you're already using a CRM system today, find-out if there's Social Listening capabilities that aren't being used or explore an easy to use tool like Microsoft Dynamics CRM which provides Social Listening + additional marketing automation features such as email and list management and marketing analytics.



3. Cultivate a Community

Amazon offers a breadth of products but what they aren't able to provide is expert advice across their vast offerings. Hone in on your best sellers and develop resources around these products and how they are used in an effort to cultivate a community following. Consider creating an expert advice section, review videos, product demonstrations and user-generated content such as a photo gallery or Instagram feed. Market to your target customers and let them know that you are THE experts around those specific products and have educational resources to help them during and after purchase. Consider reaching out via social media and through traditional channels like email - something Amazon cannot do effectively across their entire product line given their vast array of offerings.



4. Create an In-Store Experience

Given the clamor for companies to take market share from Amazon, more and more retailers are offering price matching along with free shipping. With these new incentives to shop online, more and more consumers are showboating. If you have a physical storefront, you've inevitably been a victim of this. Fortunately, you can take advantage of this new consumer trend by providing more interactive options for customers that visit your location. Consider offering product demonstrations and resources to help customers make the decision while in-store. Use mobile POS to drive purchase conversion and include interactive displays to keep consumers entertained.

5. Develop a Loyalty Program

Competing against retail giants like Amazon requires driving customer loyalty. Implementing tactics like we've covered such as simplifying the decision process and creating a community are good first steps in driving brand loyalty. To take your efforts to the next level, focus on developing a loyalty program that rewards customers for their purchases. Using an ERP system, you can easily track purchase history and tie purchases to a point systems that offers customers perks towards their new purchase. If you're looking to drive more revenue from millennials specifically, consider that 74% of Millennial women and 52% of millennial men are members of at least on fashion and accessories loyalty program, according to a report by Punchtab.⁵

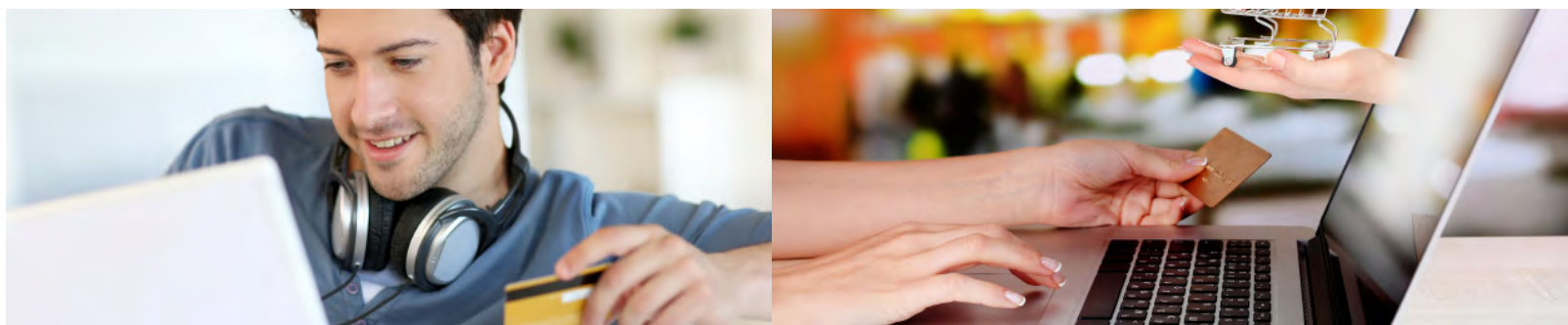
When building your program, consider instituting tiers to segment your customers (even using a VIP level that requires annual payment). And, be sure to offer rewards beyond free product like exclusive access to events and industry experts.

Who's Leading the Way in Loyalty Programs?

When targeting millennials, consider emulating these top rewards programs to drive customer loyalty:

TOP 10 FASHION AND ACCESSORIES LOYALTY PROGRAMS FOR MILLENNIAL WOMAN:

1. Victoria's Secret
2. Kohl's
3. Target
4. American Eagle
5. Gap/Old Navy/ Banana Republic
6. DSW
7. Sears/Kmart
8. Express
9. Dick's Sporting Goods
10. Macy's/Marshall Field's



TOP 10 FASHION AND ACCESSORIES LOYALTY PROGRAMS FOR MILLENNIAL MEN:

1. Kohl's
2. Dick's Sporting Goods
3. Target
4. Macy's/Marshall Field's
5. Republic/Piperlime/Athleta
6. Sears/Kmart
7. American Eagle
8. Sports Authority
9. Express
10. Nike

Source: Retail Info Systems News: <http://risnews.edgl.com/retail-news/Top-10-Retail-Loyalty-Programs92709>

In summary, to effectively compete against retail giants like Amazon, you must understand and embrace the latest in retail technologies. If you're ready to consolidate your existing technologies into a unified retail ERP solution, consider that solutions like Microsoft Dynamics AX have a 91% ROI and average payback of 21 months.⁷

SCHEDULE YOUR OMNICHANNEL STRATEGY SESSION

Let our experts help you identify new ways to reach your customers, improve inventory management and improve your sales processes:

SCHEDULE your OmniChannel Strategy Session Today

Want Best Practices from companies that have been implemented the latest cloud technologies? GO TO OUR LIBRARY of success stories.

ABOUT ALFAPEOPLE

AlfaPeople specializes in providing Retail solutions for businesses that are looking to improve inventory management, increase customer satisfaction and enhance their POS experience.

AlfaPeople is one of the largest Microsoft Dynamics partners in the world with more than 600 employees in 15 countries. Watch this video to learn how Microsoft AX for Retail could transform the way you interact with customers.

Sources:

1. IDC Insights: IDC PlanScape - Omni-Channel Retail Execution Platforms for Now and the Future
2. NCR, Self-checkout: A Global Consumer Perspective, 2014.
3. Journal of Service Research: How Employer and Employee Satisfaction Affect Customer Satisfaction: An Application to Franchise Services.
4. Forrester Total Economic Impact™ Study Commissioned By Microsoft: The Total Economic Impact Of Windows Tablets For Assisted Sales In Retail
5. Mattress Firm: <https://customers.microsoft.com/Pages/CustomerStory.aspx?recid=2530>
6. Retail Info Systems News: <http://risnews.edgl.com/retail-news/Top-10-Retail-Loyalty-Programs92709>
7. Forrester Report:
<http://az370354.vo.msecnd.net/whitepapers/Windows-Tablets-for-Retail-TEI-FINAL-122713.pdf>

AlfaPeople US
Chrysler Building
405 Lexington Avenue, 26th Floor
NY 10174
Phone: +1 (917) 368-8088
info.us@alfapeople.com