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## State of SMB Retail: Top Business Process and Technology Strategies for ROI Success

Can Small to Mid-size Business (SMB) retailers turn the tide in their favor in a retail market that is seeing some signs of a turnaround? Seventy-nine percent (79%) of SMB retailers are currently focusing on customer re-engagement and channel development programs. However, point-of-service complexities, cross-channel inconsistencies, and lack of adequate infrastructure present significant business hurdles. Additionally, SMB retailers are encountering store/channel process alignment and system-upgrade related challenges. This Analyst Insight describes the pain-points and strategies surrounding SMB retailers, and details the best practices for customer, business process, and technology areas that directly impact SMB business sustenance compared to large-size retailers. Aberdeen surveyed 393 retailers in 2010 to conduct this analysis. SMB retailers are defined as retailers that report less than \$1 billion in annual revenues.

### Analyst Insight

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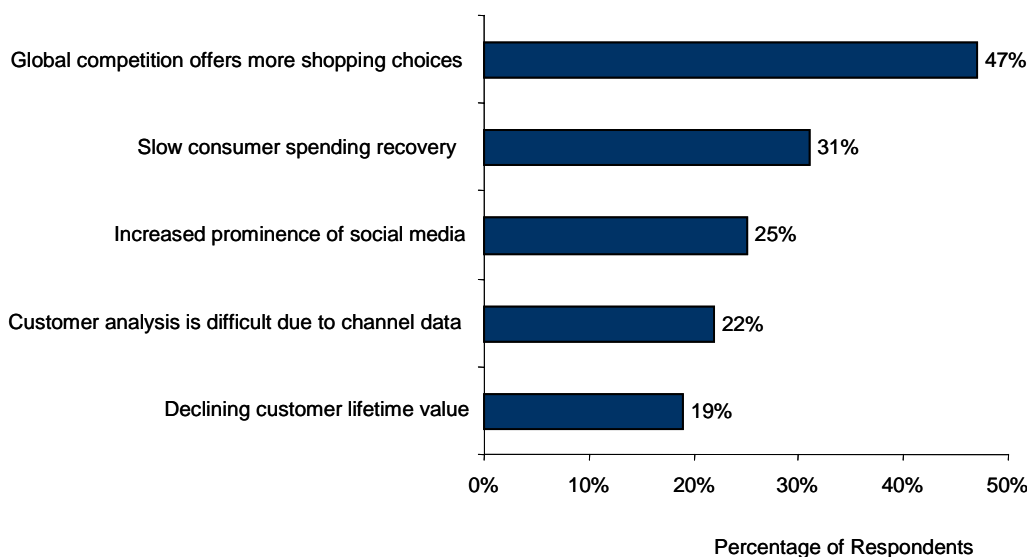
## The Customer is at the Center of Change in SMB Retail

According to data from Aberdeen's May 2010, *Customer-Centric Retailing*, benchmark report, the top pressure facing nearly half (47%) of SMB retailers is extreme price and value-based competition within the retail category and the requirement to present customers with more shopping choices than ever before (Figure 1).

### Demographics

- ✓ 393 retail organizations notching under \$1 billion in annual revenues.
- ✓ Top sub-segments: Specialty; Apparel; Consumer Packaged Goods, Supermarket / Grocery; General Merchandise; Consumer Electronics.
- ✓ Top department / function: Marketing and Sales; Corporate Management Operations; Logistics / Supply Chain.
- ✓ Geography: North America (60%); EMEA (20%); APAC (18%); and South / Central America and Caribbean (3%).

**Figure 1: Top SMB Retail Business Pressures**



Source: Aberdeen Group, October 2010

Even as the economy and consumer spending continue to grow at a tepid pace, SMB retailers are facing a “customer conundrum.” Unlike larger retailers, the fate of SMB retailers does not depend on high-volume margin-driven selling. These retailers need to continuously nurture consistent low-to-mid-level-volume selling via strong customer engagements, repeat customer visits, and high transaction value per customer visit. SMB retailers must also maintain a highly differentiated and cost-effective retailing model in all channels of sales and service, if they want to face the financial might of larger retailers. For instance, the “competitive challenge” is being felt by SMB retailers in the following ways:

- **Hawkish nature of retail market expansion.** According to Aberdeen data from the January 2010 [Fast-Track Cross-Channel Gains](#) benchmark report, 42% of SMB retailers are identifying new sales channel opportunities to tap into unfulfilled customer needs (new geographic, demographic markets, for example) for sustaining growth objectives. However, expansion strategies, new store openings, and price-wars are being developed every day by the “big boys of retail” such as the Wal-Marts, Targets, and Sears of the world who use their sheer financial muscle and competitive pricing abilities to pose a threat to SMB retailers.
- **The rapid strides in channel preferences.** According to Aberdeen data from the [Fast-Track Cross-Channel Gains](#) report, 48% of SMB retailers that have implemented a multi-channel strategy to operate at least three channels (namely, stores, online, and call center or a customer service center). Customer preference for shopping across channels due to convenience or value has been one of the main reasons why close to half of SMB retailers are investing in multi-channel initiatives. SMB retailers such as Sports Chalet, Brown Shoe Company, Moosejaw, Party City, and scores of others are investing in channel development initiatives and are likely to continue to do so in the foreseeable future.
- **The customer is dictating change to the traditional assisted service model.** Data from the recent [Automated and Connected Store](#) benchmark report shows that on average 40% of SMB retailers are planning to implement self-service product /service information, order, and payment options for customers. Self-service strategies are directly tied to the pre-sale, during-the-sale, and a post-sale stage of a customer’s shopping experience in stores. Customers seek self-service capability in order to enable self-empowerment, instant gratification, faster transactions, and the ability to gain enhanced product knowledge, among other reasons. For instance, a third of all retailers are seeking self-service stations for web ordering, gift registry, check-out, inventory look-up, among other functions.

"We found that 90% of our store customers were researching products online on multiple websites. It made absolute business sense to start integrated multi-channel operations to address web-based needs of our customers."

~ Daniel Kron, Owner and  
President, Genius Jones, Mid-  
Market Apparel Retailer

Additionally, for a quarter of SMB retailers, social media and the growing purchase influence of a new generation of shoppers (i.e. Gen Y or millennial

generation) is a top three business pressure. The new generations of shoppers have emerged as an influential group with purchasing power (partly due to the digital age) and are accustomed to retrieving product information, providing product referrals, and developing shopping wish-lists on their digital devices. SMB retailers such as Wet Seal, among others, are experiencing this digital customer revolution. Therefore, for SMB retailers just as with their larger counterparts, the satisfaction among customers is being focused more on anytime, anywhere retailing, not just the experiences at store locations.

## Channel Development and Unified Shopping

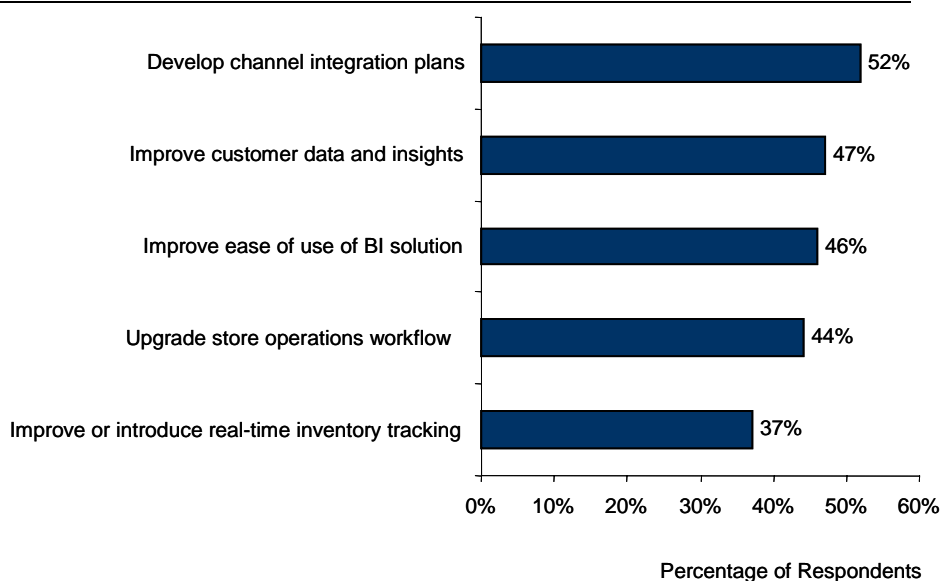
Figure 2 shows all of the top strategic actions that SMB retailers are currently undertaking in order to address their business pain-points. The top strategic action according to 52% of SMB retailers is focused on enhancing integrated channel sales and operations plans. This includes more coordinated and cohesive merchandising, marketing, inventory management, customer engagement, and supply chain processes. SMB retailers realize that if they can unify their channel processes there are potential gains to be made in terms of customer conversion, gross margin, average transaction value, and customer satisfaction.

Kenneth Cole is an example of an SMB retailer that is striving to build an integrated channel strategy. This retailer is tying customer relationship management data, marketing programs, and merchandising campaigns across channels. Another retail example that comes to the fore when one considers cross-channel integration efforts is Peet's Coffee. This company is integrating its channels of sales and operations, from the supply chain all the way to the store shelf.

"We have stores and a web channel. We are looking to integrate our channels from a promotions, inventory, and fulfillment standpoint. The consumer should have the option to use our stores and direct to consumer offerings in an integrated manner. At this stage, we are trying to improve our web store in terms of order management, cross-promotions, and real-time inventory access."

~ Manager-Finance, SMB Specialty Retailer North America)

**Figure 2: Top Strategic Actions**



Source: Aberdeen Group, October 2010

## **Consumer Insights and Retail Business Intelligence**

Nearly half (47%) of SMB retailers are striving to improve their visibility into customer data and related insights. This strategy includes but is not limited to increasing investments towards centralized customer data collection, assembly, analysis, and reporting. Currently, a mere 39% of all retailers are able to ensure integration of all sources of customer data (e.g. POS, secondary, online, call center, shipping, fulfillment data etc.) at a centralized location to conduct meaningful analysis. The challenge in the retail industry and more so in SMB retail relates to the fact that customer data never resides in one location or in one spreadsheet. Therefore, data integration and analysis is necessary, and proves to be more tedious than it may originally be perceived.

The bigger challenge in SMB retail is to figure out what to do with the customer data. Customer intelligence is not only about understanding current or past customer shopping behavior but also real- or near real-time processing of data-driven insights related to customer affinity and preferences in order to facilitate future sales plans, forecasts, merchandise buying, inventory allocation, and labor plans. According to our data, 48% of customer data currently collected and utilized for business improvements is related to current or past product or service preferences.

Figure 2 also illustrates that among the top three strategic actions of SMB retailers is the intention toward continued improvements to the SMB organization's Business Intelligence (BI) strategy. It is also important to note that the second highest strategic action around consumer insights and third highest action both are related to the "ease of use" of BI applications in a complimentary manner. What almost half (46%) of SMB retailers want out of an operational BI strategy is one word: simplicity. These retailers do not need, nor can they handle information or metric overload. All these SMB retailers are asking for is a consolidated and simplistic BI and performance reporting strategy that provides:

- Timely sales and operations performance reporting for adjustments to existing parameters and metrics
- Customer analytics for optimized retail, channel, systems, and supply chain performance

For instance, at an anonymous multi-channel sports apparel retailer, existing BI solutions access relevant information regarding sales activity. However, this organization has discovered enterprise-wide reporting must be done faster, and include input from an increased number of employees with differing degrees of skill. Ease of use for existing systems was crucial in achieving time-sensitive reporting capabilities.

## **Business Capabilities: A Comparison Between SMB and Large Retailers**

This section details the business process, organizational, knowledge, and performance management capabilities that are currently adopted at varying

levels by SMB retailers and 'all other' retailers (all others includes lower tier I retailers that are under \$5 billion in revenue, and upper tier I retailers that are over \$5 billion in revenue). Aberdeen data in Table I shows that SMB retailers are aggressively pursuing robust business process improvements that promote customer, inventory, and data / BI efficiencies. The following capabilities are pre-dominant amongst SMB retailers:

- **Customer-centricity training.** Data from Table I is indicative of the fact that employee training is playing a role in increasing the focus on customer needs during the entire sales process in stores and other channels. SMB retailers are realizing that if they need to compete with large retailers for top line and bottom line gains, better customer process execution by employees before, during, and after the customer's point of purchase decision is the key to establishing a 360-degree customer view of the brand. One of the tactics that SMB retailers are executing is providing employee incentives for attaining higher customer satisfaction rates before, during, and after the sales experience.
- **Unified customer experience.** According to data from Table I, more SMB retailers, compared to all others, are enabling purchase, return, and exchange of a product through the channel of the customer's choice. Such capabilities include: the unification of channel shopping experience by creating common customer order, customer service, and delivery touch points. Also, SMB retailers are setting up a sales credit and exchange reconciliation system for all channels of sales and service, which is necessary for the aforementioned ability to purchase, exchange, and return through a channel of choice.
- **Demand-supply network.** SMB retailers are also implementing demand chain-supply chain planning and execution links for all channels and distribution centers either internally or via third-party logistics vendors (3PLs). These retailers are trying to ensure that demand, sales and operations planning, merchandise buying, direct-to-store delivery, and inventory allocation are in sync with customer requirements across all channels. According to our data, SMB retailers are also establishing safety stock requirements for faster replenishment based on channel demand.
- **Store re-structuring.** Compared to their larger counterparts, SMB retailers are re-structuring legacy store locations based on current customer needs by conducting store refresh and re-design of layouts, shopping navigation, customer data security for secure shopping, cross-channel elements, merchandise presentation, signage, among other attributes. According to our data, more SMB retailers are re-structuring stores according to customer preferences leading to a better focus on customer shopping preferences.

**Table 1: Top Comparative Overall Capabilities**

| Capabilities   | SMB | All Others |
|--|-----|------------|
| Organizational training for customer sales, service, and support on before, after, and during sales processes                      | 65% | 60%        |
| Refresh store presentation and design according to customer preferences  | 58% | 46%        |
| Safety stock requirements in line with channel demand  | 51% | 46%        |
| Ability to track inventory flow requirements at the unit or item-level for optimum inventory levels                                | 45% | 43%        |
| Ability for customers to purchase, return, exchange a product through the channel of their choice                                  | 38% | 25%        |
| Integration of all sources of customer data in a centralized location (POS, secondary, online, call center, shipping, fulfillment) | 32% | 26%        |
| Cross-departmental collaboration between store operations, IT, and field marketing for secure and seamless store experience        | 34% | 74%        |
| Ability to accept multi-tender payments for customers at the point-of-service  | 46% | 69%        |
| Direct drop shipments from suppliers   | 39% | 61%        |

Source: Aberdeen Group, October 2010

### **Key Capabilities Where SMB Retailers Fall Short**

After discussing the strengths of SMB retailers in adopting and applying key retail capabilities from Table 1, this section highlights some shortcomings of SMB retailers around capabilities when compared to Tier 1 or large retailers such as:

- Cross-departmental collaboration.** Large retailers are two times as likely as SMB retailers to create and use a cross-departmental collaboration taskforce or team (involving store operations, IT, and field marketing executives) for enhancing the store experience of customers. The main purpose of this team is to solve business process gaps and employee behaviors that inhibit the customer’s holistic experience before, during, and after the sale. Typically, these teams are operated regionally by the field teams and centralized under the onus of the vice-president of store operations from a line of business perspective, and director of store systems from the technology side. SMB retailers can benefit by establishing

these cross-functional teams as there exists a latent need for ongoing review and change to store sales and operations-related business processes, training, employee incentives, and implementation of customer process performance measurements (e.g. customer satisfaction, self-service availability, mystery shop scores, transaction time at POS, greeting and walking a customer to a product).

- **Multi-tender payment acceptance at POS.** Large retailers are 1.5 times as likely as SMB retailers to possess multi-tender payment acceptance capability at the POS registers, self check-out counters, and mobile POS terminals, where applicable. Multiple tenders include not only cash, debit, credit, check, but also gift cards. The ability to accept varied payment types is essential in a cross-channel retail environment that requires uniformity of acceptance of payment tender types across channels so that customers can gain the same seamless POS experience across all channels. For SMB retailers, uniform payment acceptance is one of the steps towards establishing a unified customer experience.
- **Direct drop shipments from suppliers.** Large retailers are 1.5 times as likely as SMB retailers to use store replenishment capabilities such as direct drop shipments from suppliers. This retailer-supplier collaborative technique is used so that retailers receive automated and agile replenishment for fast-selling products or promotional products. These shipments reduce the total landed and handling cost of the retailer and improve in-stock percentage. Direct drop shipments are typically accompanied by a purchase order from the vendor which is then received in the system by store managers or associates so that the system reflects the stock on-hand. This capability also reduces the merchandising and supply chain burden of the retailer. SMB retailers can significantly reduce their merchandising and inventory management costs by negotiating direct drop shipment processes with their vendors well in advance.

## Case Study: Air Terminal Gifts

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Air Terminal Gifts is a small-to-mid-size airport-based retailer that operates specialty items, general merchandise, apparel, and gifts. This retailer operates 16 stores in 10 different retail formats and 10 unique merchandise assortments. The merchandise categories include but are not limited to beverages, candies, snacks, specialty concept, books, magazines, souvenirs, gifts, jewelry, and apparel. Airport retailers are unique from the perspective that they deal with a captive and transitory customer base. The average customer expects transaction times to be faster than other retail concepts. Air Terminal Gifts operates 20,000 Stock Keeping Units (SKUs) across 28 departments and 269 product classes.

This retailer accounts for 4,000 to 8,000 transactions a day. Due to a captive customer base and quick transaction need, inventory has to be ready to go at all times and in-stock. The key focus of the employees is

merchandising, operations, and inventory. The business problem this retailer faced is managing inventory and merchandising the stores. Controlling the open-to-buy requirements and planning the seasonal merchandising items related to soft goods (such as apparel) is one of the key challenges. Another challenge is reducing labor costs. As a result of these business problems, Air Terminal is trying to ensure that buyers and merchandisers are stocking stores to ensure that there are no out-of-stocks. “We want to do more with less. We are holding fewer inventories in almost all categories and attempting to drive more sales in those categories. Reducing inventory costs, ensuring employee productivity, and providing outstanding customer service at the front-end are some of our key initiatives,” says Chan Crimson, VP-Technical Operations and Store Development.

From an IT systems standpoint, this retailer is using a Software-as-a-Service (SaaS) web-based delivery model through a retail solutions provider for enterprise-wide retail management including transaction management, replenishment, warehousing, inventory management-forecasting, and order management. Currently, the major systems initiatives are focused on real-time access to sales and out-of-stocks, and continuous re-forecasting of requirements. In terms of performance management, besides profitability metrics, this retailer measures labor cost to sales, inventory costs, and customer service through secret shoppers. A personal shopper service is also offered to customers to find products and increase sales. Air Terminal also maintains 99% uptime for its systems.

## **SMB Retail Technology Enablers**

Table 2 and Table 3 illustrate the main elements of the current and planned SMB retail technology strategy, both customer-facing and back-end applications. However, before assessing current and planned technology strategies of SMB retailers, it is imperative to break-down the technology challenges.

Currently, the top two overall technology challenges in SMB retail relate to the constrained new store IT spending in the current economic environment (49%), and lack of maturity of IT assets and associated business processes (46%). These challenges mean that the SMB CIO or Director of IT is not fully pursuing a visionary IT agenda that addresses customer-centric and operational improvements that are required to grow the business. In other words, their hands are tied even as prioritization of software, hardware, and infrastructure improvements is taking precedence at a time when the economy is a bouncing back and retail business is gradually crawling back. SMB retailers are encountering significant system-upgrade related challenges. The primary challenges are elaborated as follows:

- Fifty-three percent (53%) of SMB retailers do not possess a fully compliant Payment Card Industry (PCI) data security infrastructure to protect critical customer data access by external entities and fraudulent use of data by internal employees.
- Fifty-one percent (51%) of SMB retailers lack centralized customer, product, and location data management leading to data integrity-

related roadblocks that add complexity around data integration for seamless inventory optimization, order tracking, drop, ship, and pick-up options for customers. Moving towards a centralized information repository enables the development of consistent product messaging, coordinated cross-channel promotions, and customer loyalty programs.

- Lack of adequate network bandwidth is a challenge for 40% of SMB retailers due to prevailing use of dial-up networks, lack of network visibility, or optimization. Without the adequate network capabilities, retailers are unable to use web-based Point-of-Service (POS) tools such as web order management, order look-up, or e-mail functions as well as other web-based enterprise-level applications that can be accessed from POS registers.
- Forty-eight percent (48%) of SMB retailers lack adequate integration between POS and back office, inventory, and cash management applications leading to lack of data updates that cause operational complexities in the areas of sales, budgeting, resource planning, and workforce management.

Considering these IT challenges, SMB retail is deficient in current technology adoption. However, for customer-facing applications (Table 2), the planned scenario looks more than favorable for extended POS functions such as inventory look-up and multi-channel selling via web commerce access at POS registers, social media investments, and mobility solutions within the next 12 to 24 months.

Currently, besides favorable adoption plans for mobile handled devices that fulfill in-store and warehouse inventory processes, web-based point-of-service applications or “epos” is a planned adoption tool for ensuring the growth of the cross-channel retail environment. Another key technology adoption of SMB retailers is to leverage the customer reach and affinity for social media due to peer/friend influence on purchases. According to Aberdeen’s August 2010 benchmark report, *Social Media ROI*, social marketing is an area that presents an opportunity for SMB retailers who believe that social media is a key influencer on their customer’s purchasing decisions.

**Table 2: Top Customer-Facing Technology Enablers (Current and Planned Adoption)**

| Technology Enablers  | Current | Planned |
|--|---------|---------|
| Web-based point-of-service suite for transactions, inventory-look up, CRM, and multi-channel selling | 34%     | 56%     |
| Retail e-commerce solution   | 40%     | 50%     |
| Customer satisfaction survey tools   | 40%     | 50%     |
| Mobile handheld computers  | 26%     | 59%     |
| Social marketing application   | 31%     | 52%     |

Source: Aberdeen Group, October 2010

On the back-end (Table 3), the top currently adopted applications include inventory management, CRM, merchandise management, and data warehouse. These are critical enterprise-level applications for running any retail business. In the planned adoption category, SMB retailers are most inclined towards the adoption of following applications for more holistic labor, in-stock, consumer insights, cross-channel, and internal communications-related improvements:

- Internal web portals for store and channel operations and internal communications
- Cross-channel product content management systems that provide uniform product information to customers across all channels
- Real-time inventory updates and alerts for timely response to out-of-stock situations which lead to reduced lost sales opportunities and greater customer satisfaction
- End-to-end workforce management (web training, task management, and workforce scheduling) for labor optimization across channels
- BI application (assembly, analysis, and delivery) for developing consumer insights that support customer sales and service programs

**Table 3: Top Back-End Technology Enablers (Current and Planned Adoption)**

| Technology Enablers   | Current | Planned |
|---|---------|---------|
| Internal web portals for store functions  | 23%     | 61%     |
| Inventory reporting and record dashboards   | 49%     | 34%     |
| Cross-channel merchandise management system   | 37%     | 41%     |
| Cross-channel product content management system   | 23%     | 60%     |
| Real-time inventory updates for channels of operations  | 24%     | 58%     |
| Customer relationship management (CRM) application  | 37%     | 44%     |
| Business Intelligence (BI) application for consumer insights (assembly, analysis, and delivery)     | 32%     | 49%     |
| Workforce management application (web training, task management, and workforce scheduling)          | 28%     | 51%     |
| Enterprise data warehouse (EDW)   | 43%     | 35%     |
| Multi-user and location inventory software application for multi-warehouse systems with ERP and POS | 51%     | 26%     |

Source: Aberdeen Group, October 2010

Finally, for infrastructure improvements, SMB retailers indicate that within the next 12 months they will address a data structure overhaul for supporting better application performance and PCI compliance (46%), network upgrades (37%), and unified communications, data, voice, and video (32%).

### **Case Study: US-based SMB Supermarket Chain**

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A privately owned supermarket chain consisting of 105 stores in the Southern United States has re-defined its cross-channel marketing approach. The retailer utilizes a wide variety of marketing tools to deliver consistent branding, with subtle channel-specific nuances, across multiple customer touch-points, including online, email, mobile, social media, in-store experience, weekly circulars, and register receipts. However, an emphasis on emerging channels is paying dividends for the company. According to the Marketing Director, “The new generation of shopper is incredibly tech savvy. Our marketing messages are reaching new channel opportunities, and we are changing to meet the needs of our customers. Traditional methods, such as weekly circulars, are not going to work with this new generation.”

Two areas where this retailer is seeing success is in the use of mobility and social media marketing. Currently, the company is utilizing mobile marketing to send special features and deals for the week to customers that have opted-in for mobile messages. The Marketing Director said, “Because locally grown produce is important to our customers, we utilize mobile marketing to alert them to what is in-season and fresh each week. In the coming months, we are looking to implement a strategy to deliver more personalized offers through mobile devices.” Social media marketing has also been a big part of this retailer’s multi-channel marketing strategy. The company monitors Twitter, Facebook, blogs, and other social sites to keep an eye on their brand in the digital world. The retailer responds in real-time to customer inquiries, complaints, and recommendations across these sites, and works to ensure that customers remain satisfied. “Customers have so many choices for where to shop, so we have to remain active to the pulse of what consumers are saying. Customers can impact so many people, so we monitor and respond to the social activities to customers. We also implement community events into our social platform” says the Marketing Director.

The use of an integrated multi-channel marketing platform has been beneficial to the retailer. The biggest benefit they have seen is an increase in sales, from both an item count and average basket size standpoint. As the company looks ahead, it sees a real opportunity at hand. According to the Marketing Director, “The customer is going to tell us how they want to be communicated to, and what offers appeal to them. We have to find a way to marry the two. Each marketing message must be unique to the individual customer experience.”

## ***Is SaaS a Viable Delivery Option for SMB Retailers?***

While there are many pain points brought to bear on SMB retailers, Aberdeen research has shown that two stand out as the ones felt most by retailers, and are driving them towards SaaS adoption.

The first is the overwhelming need to be able to rapidly implement new, improved customer-centric initiatives (61%). Personalization has become very close to pervasive in society, and customers expect that same level of recognition and custom service in retail as they do in the other aspects of their lives. Precision customer offerings have become increasingly important as top line sales have steadily declined over the course of the last few months.

The second compelling pain-point is the need to be able to provide applications anywhere, even globally (39%). As long as there is browser availability, SaaS is a completely viable deployment option. Some specific advantages of SaaS applications include:

- Vastly improved scalability options
- Lower Total Cost of Ownership (TCO) - only pay for what you use
- Economies of scale: due to many users of the same application, the vendor is incentivized to deliver functionality on a frequent basis and to resolve any bugs or other technical glitches immediately
- Decreased need for internal IT staff: SaaS applications can rid the retailer of a great many IT pain points
- The flexibility to try different initiatives

## **Conclusion**

Is it surprising that SMB retailers are trouncing their larger counterparts in the adoption of customer, inventory, and data utilization capabilities? The answer is both 'yes' and 'no.' Higher SMB adoption levels for the capabilities listed in Table I is surprising because these capabilities are typically associated with large and more established retail brands. However, Table I also shows that SMB retailers must catch-up to their larger counterparts in key capability adoption such as collaboration and multi-tender payment acceptance.

As indicated earlier in this report, due to the last two years of economic turmoil, on average half of SMB retailers surveyed by Aberdeen are under extreme pressure to counter competition in a cross-channel retail environment that is presenting more consumer shopping options. Therefore, SMB retailers have no option but to take a more aggressive stance on introducing and re-engineering business processes and other capabilities. Compared to large retailers, SMBs are able to implement changes to their enterprise and department-level capabilities in an agile manner due to lower scalability, integration, and customization requirements. Sports Chalet, Wet Seal, and Moosejaw are examples of

retailers that are at the cutting-edge of well-rounded and enterprise-wide business process improvements.

## Recommendations

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Aberdeen data shows that SMB retailers have to address a unique set of challenges and enterprise-wide attributes to develop a winning retail environment. This roadmap must include the following steps:

- Re-structure the extended point-of-service architecture at your stores based on a discovery analysis of your speed of transaction, uptime, data security through sustainable PCI compliance, and customer satisfaction.
- Define the store and channel operations-based improvements aligned with software, peripherals, hardware, and overall infrastructure. Segment your improvement plan in three primary stages including planning, implementation, and evaluation phases of a channel systems upgrade initiative.
- Consider a one to three year plan for retro-fitting or rip and replace software, hardware, and peripherals that could improve the customer experience and increase revenue. In evaluating any software or hardware upgrade, one of the criteria should be a flexible IT architecture for future upgrades.
- Develop a cost-benefit analysis for justifying a cross-channel investment. Conduct a situation analysis of all customer service touch points in the organization for common points of integration such as data, inventory, and order management.
- Consider on-demand retail enterprise management capabilities depending on organizational, IT infrastructure, and short-term as well as long-term resource management goals.
- Create a process for performance and knowledge management for improved bottomline attainment through one user IT and process management organization. This approach should measure, report, and monitor progress of all channel customer processes, order management systems, and fulfillment functions.
- Plan coordinated cross-channel product promotions by executing synchronized cross-channel promotions such as web and catalog coupons used in-store, or store issued offers that are used online or over the phone for increasing top-line growth. Better adoption of integrated campaign, marketing effectiveness, and loyalty as well as offer management processes leads to higher traffic that can drive revenue and lower missed sales opportunities in every channel.

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| <p><b>Authors: Sahir Anand, Vice President and Principal Analyst, Retail, Hospitality, and Retail Banking (<a href="mailto:sahir.anand@aberdeen.com">sahir.anand@aberdeen.com</a>)</b></p>   |   |

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